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INTER-AMERICAN AFFAIRS

BRIEFS

CUBA, ECUADOR REESTABLISH RELATIONS--In Ecuador the press reports in bold letters the reestablishment of relations between that country and Cuba. The ties between the two nations were broken in 1962 when the government of Carlos Julio Arosemena Monroy, under pressure from the United States, decided to break relations. Press agencies report that Ecuadorean political and social circles express their joy over the government's decision to reestablish diplomatic and trade relations with Cuba. [Text]
[Havana Domestic Service in Spanish 1700 GMT 18 Jul 79 FL]

CSO: 3010

REPORTAGE ON POLITICAL REGROUPINGS, ADHESIONS

Justicialists Reject Massera

Buenos Aires LA NACION in Spanish 27 Jun 79 p 12

[Text] Santa Fe—Justicialists who are members of the so-called League of the Interior have held a meeting in the town of Sastre, the capital of San Martin Department. The league consists of leaders from various provinces who want to participate in the movement's national leadership.

According to reports, an informal luncheon was held first, and then those attending it prolonged their subsequent talks, which thus took on a deliberative nature.

Attending were representatives of various departments in this province and delegates from the province of Cordoba, while a number of leaders from San Luis, Rio Negro, Entre Rios and Corrientes conveyed their adhesion to the movement. Also attending was Professor Arturo Rosa, the editor of the weekly political publication DESTINO COMUN, of Buenos Aires, who has reportedly been the spokesman of a political group closely tied to Adm Eduardo Massera.

At the meeting they analyzed the domestic political scene, the report says, as well as the economic situation of the various sectors and the plan that the authorities are pursuing.

Regroupings

Other political groups reportedly made offers in connection with virtual regroupings of forces, and proposals in this regard were noted on the part of communist, socialist and Christian Democrat groups. They reached the conclusion that they should rule out pacts outside the doctrinal objectives of the Justicialist movement, in connection with potential points of agreement for a civilian-military convergence headed by the former commander in chief of the navy, Admiral Massera. Such a convergence was proposed by Professor Rosa, and this prompted an exchange

of views at the close of which they held to the aforementioned posture of not taking part in alliances.

The existence of certain contacts with radical sectors was also mentioned, and in conclusion they agreed to hold another meeting at a place and date yet to be determined in order to continue discussing party reorganization.

MID Backs Civilian-Military Convergence

Buenos Aires LA PRENSA in Spanish 27 Jun 79 p 6

[Text] During a plenary meeting of the MID [Integration and Development Movement] former President Arturo Frondizi, the head of the movement, asserted that it "should not fall into the trap set by those who want a confrontation between the people and the Armed Forces."

The meeting, held in this capital, brought together members of the Board of Directors of the MID National Committee and the presidents and representatives of the provincial districts, who ratified the political line of the party's national leadership.

Debate

During the plenary session, heated debate arose over the party's position towards the government. The report of the leadership was handled by the first vice chairman of the National Committee, Rogelio Frigerio. Some of the participants felt that the MID's stand was wrong because it reflected severe criticism of current economic policy but within the framework of solidarity with the Armed Forces in the government.

Those opposing this stand pointed out that MID criticisms should be comprehensive, not just directed at economic policy, inasmuch as the Armed Forces are responsible for everything that happens within the current process.

Stand Reaffirmed

Frondizi and Frigerio reaffirmed the position maintained so far by the MID, which was finally backed by the plenary session.

A party communique subsequently summarized Frondizi's address. It says that the MID "should not fall into the trap set by those who want a confrontation between the people and the Armed Forces and who are represented by the economic leadership and a number of leaders tied to the past who, so as not to lose ground, are resisting changes in our socioeconomic structure and in the political orientations that have taken us from failure to failure."

Frondizi contended that "there will be no political solution unless it is backed by an alliance of social classes and sectors, including the Armed Forces, and without a national movement that represents the genuine political expression of that alliance. It is to that end," he stressed, "that our movement should work, and it should not let itself be tempted by easy, simplistic solutions that are not tailored to the complex and changing realities in this crucial stage of Argentine life."

In Attendance

In addition to the members of the Board of Directors of the National Committee, whose secretary general is Francisco Aguirre, and the head of the convention, Emilio Donato del Carril, the following persons attended the meeting representing their respective districts: Marciano Martinez (Entre Rios), Pedro Balduin (Jujuy), David Blejer (Buenos Aires), Silvio Borioli (Cordoba), Luis Candido Carballo (Santa Fe), Jose Dib (Chaco), Hector Gomez Machado (Santa Fe), Osvaldo Hellman (Corrientes), Gustavo Martinez (Catamarca), Alberto Nebbia (Rio Negro), Cancia Nicora (Formosa), Julio Cesar Perie (Misiones), Melchor Angel Posse (Province of Buenos Aires), Anibal Rodriguez Carrera (Santa Cruz) and Jorge Hugo Rovira (San Juan). (NA)

Peronist Resurgence

Buenos Aires LA NACION in Spanish 29 Jun 79 p 6

[Text] (NA)—Cordoba Democratic leader Emilio Olmos has warned about the possibility of "a resurgence of Peronism" in a talk that he gave at the Joaquin V. Gonzalez centrist cultural association, which is headed by Pablo Gonzalez Bergez.

Among those in attendance were political leaders Oscar Vichi, Octavio Carranza, Julio R. Cesar, Nelson Calvo. Luis Pan and Oscar Murais; the president of the Argentine Engineers Center, Alberto R. Costantini; Adm Isaac Rojas and Gen Bernardino N. Labayru.

Olmos, who was a Federation of Center Parties candidate for president in 1963, examined recent Argentine revolutions from a political standpoint. He recalled that in 1943 "the COU [Group of United Army Officers], living in the past and with the firm conviction that the Axis powers would wipe the Western powers off the map, met to hear the words of then Colonel Peron and the ambassador from Nazi Germany, Mr Von Therman. This," he asserted, "was the source and reason for the 4 June 1943 coup: to align Argentina with the Axis powers."

He added that "with Ramirez's betrayal of Castillo and Rawson, with Farrell's betrayal of Ramirez and with Peron's betrayal of them all, there began the most tragic stage in Argentine political history up to that time."

That period came to a close in 1955 with the Liberating Revolution, which in the opinion of the speaker made two mistakes: "calling the Constitutional Convention when it had already reestablished by decree the Constitution of 1853" and "not denouncing, when it was learned of, the Peron-Frondizi pact, which simply and plainly translated into the reinstatement of Peronism in power through Frondizi."

Three Errors

In taking a look at the period of the Argentine Revolution, Olmos maintained that Gen Juan C. Ongania had committed three errors: endeavoring to divide his efforts into three "time periods" (economic, social and political); then, setting up professional advisory boards in the provinces, and "the biggest mistake, when he (Ongania) and his interior minister, General Imaz, initially detracted from the verisimilitude of General Aramburu's kidnaping, which enabled the kidnapers to carry out their criminal designs with relative ease."

When he examined the last period of the Argentine Revolution, led by Alejandro Lanusse, he contended that Lanusse, "with a naivete that was only apparent, proposed the Great National Agreement to the country, the only beneficiary of which would be he himself, through the votes that Peron would transfer to him," an endeavor that failed.

He went on to say that the Argentine Revolution, "which was undertaken to prevent Peronism from acceding to power," yielded exactly the opposite result. He then asked: "Might we not be on the eve of a second Peronist resurgence?" He asserted that "from March 1976 to the present nothing has been done to weaken, much less tear down, the Peronist structure."

Current Situation

As he reached the present moment in his analysis, Olmos said that "the political proposals of the branches of the Armed Forces are designed to institutionalize their participation in the executive and legislative branches when the times comes."

"Thus we will have 'well-known figures' appointed by the Military Junta making up half of the new Senate, and the junta itself as a professional institution subordinate to the president of the nation according to the letter of the law but in reality, as experience teaches us, as a power that subordinates all the others."

In the final part of his address Olmos said: "If we want to give the Argentina of today a future, we have to take it very seriously and immunize it against populism, which is practiced not only by politicians but also by a number of military men who until recently were in the forefront of activity."

Socialist Need for Unity

Buenos Aires LA NACION in Spanish 2 Jul 79 p 6

[Text] Late last week the 83rd anniversary of the founding of the Socialist Party was the inspiration for a meeting of representative leaders of the various factions that comprise this political movement at present.

The banquet, which was followed by lengthy talks, was attended, among others, by Victor Garcia Costa, Francisco Muniz and Rodolfo Inda (Popular Socialist Party); Romulo Carabio (Socialist Movement of National Liberation); Marcelo O'Connor (Unified Socialist Party); Francisco J. Passini and Leoncio Narcue (Democratic Socialist Party); Raul D'Atri (Socialist Party of the Pampa); Oscar Bordonovo (Popular Socialist Party of Santa Fe); Francisco Rojas and Lopez Penelo (Buenos Aires Democratic Socialist Federation); Jose Tissenbaum (Socialist Party of the Chaco) and independents Juan Carlos Rubinstein, Henze Bodeto, Eduardo Schaposnik, Adrian Javolier and Alfredo Genovesi.

Although a number of them attended on a personal basis, such as Passini, a Democratic Socialist leader, almost the entire socialist factional spectrum was represented there. The men in the Argentine Socialist Confederation, which would have rounded out the wideranging gamut of factions (Dario Miro from the Socialist Party of the Chaco and Jose Federico Monfort, a Mendoza independent, joined up), met separately, but the need to unite socialist factions in a single party was stressed at both get-togethers.

During the dinner, speakers Carabio, O'Connor, Tissenbaym, Rubinstein, Inda and Passini all emphasized the historical continuity of the Socialist Party as a necessary political movement in the country. Another issue touched upon in all the speeches was the need to "reinstate" the old party, but in light of today's political and social conditions.

The current obvious difficulties in achieving unity, which has been sought in a more organized fashion since 1977, were summarized during the after-dinner talks, with references to Jehovah's destruction of Sodom and Gomorrah and to the fatal action of Lot's wife, who could have survived the catastrophe along with her husband but who was turned into salt when she looked back. The Biblical reference was supposedly an indication of what should not be done if socialist unity is the goal. The groundwork on which this unity could ultimately be accomplished was outlined in accordance with the following approach: if the liberation of man is regarded as a guiding principle of socialism, then it is impossible to err in choosing the elements that contribute to that liberation and that could become the basic proposal to which socialist tactics must be tailored in the current political situation.

Based on this same general idea, people stressed the need to guide our mass movements.

We should recall that democratic socialism and unified socialism have already carried their own tactics forward, the former endeavoring to approach the Progressive Democratic Party, and the latter seeking to broaden its area of agreement with Peronism. Other socialist factions feel that it is wiser to first achieve the sought-after unity among themselves so that they can subsequently take on greater specific weight in any potential alliance.

The Argentine Socialist Confederation, headed by Alicia Moreau de Justo, which met separately, as was mentioned, also postulates a "single Socialist Party free from additions and personality cults." This group seems to regard unity as a more stringent prerequisite for any further political moves, and this would explain its wait-and-see attitude towards the other socialist factions.

Civilian Participation

Buenos Aires LA NACION in Spanish 2 Jul 79 p 12

[Text] Rosario—A group of friends of Dr Rafael Martinez Raymonda, a leader of the Progressive Democratic Party, gave a banquet in his honor after he was appointed ambassador to Italy. Speaking at the reception was Dr Moises L. Penchansky, who said, among other things:

"This appointment means that the national leadership of the Armed Forces is bringing about through action, not rhetoric, citizen participation in the country's government and that the collaboration of men of proven democratic convictions is being requested, thus avoiding totalitarian tendencies or drifts. It also obliges us to think seriously and to begin reassembling the country's political forces by overcoming party differences, factionalisms and slogans that have lost currency."

After thanking Dr Penchansky for his remarks, Martinez Raymonda said: "I am not about to leave and represent my country in Italy because I wanted or sought this. For the same reasons I do not know either whether the post that I am assuming is the best one for achieving the goals that we have set for ourselves, but it is the one that circumstances have placed in my hands. In conclusion, mine is not an individual decision; it could not be so for a person who, like me, has been active in politics for so long."

After other remarks, the Progressive Democratic leader stated: "Each period in a nation's history demands approaches and prompts actions with their own characteristics, and among all the periods that we have

gone through in our lengthy political history, the current one has very distinctive facets. We arrived at it after the most violent jolt that the country has had to endure since it was organized as a nation. Our peaceful and serene Argentina, our docile and most fertile Argentina was one day confronted with insane violence and economic chaos. We had a war and we won it, but it carried a price. It left deep and painful wounds that have not yet healed completely. Many innocent people suffered on account of many guilty people."

"We are absolutely convinced that the current process has to achieve the definitive consolidation of our democratic institutions through a sincere understanding among the immense majority of Argentines, among all social, civilian and military sectors, while overcoming the absurd and futile differences of the past."

In his final remarks Rafael Martinez Raymonda stated: "I belong to one of Argentina's most penalized generations, which historical circumstances have placed in the front line of the battle that we are waging today. I feel that those of us who are part of it have not yet done our share for our country during our shift in the permanent post that nations occupy. We have the unavoidable duty to respond to this challenge."

8743

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ARGENTINA

SAINT JEAN SPEAKS OUT ON POLITICAL ACTIVITY

Buenos Aires CLARIN in Spanish 10 Jun 79 p 2

/Text/ At a meeting with local reporters and special correspondents, Buenos Aires Province Governor Brig Gen (Ret) Iberico Saint Jean said yesterday in Tandil that "political activity will be gradually restored" and he added that "we must talk seriously about political activity."

He added that "if restoring it means sitting down over coffee and starting anew to discuss committee problems, unimportant and minute ones, which we discussed so many times then it makes little difference whether political activity is permitted or banned."

General Saint Jean visited that city to attend a graduation ceremony at the Universidad del Centro and to sign a water agreement.

"What I would like to see," he continued, "is for political activity to mean that important national problems could be discussed in the open, that seminars and debates could be held and leaders elected."

He then listed what he felt were "important national problems." Over population in the greater Buenos Aires area, industry in the greater Buenos Aires area, the distribution of income by zones and he added that "if I were told that political activity consisted of an overall study of the entire community on all kinds of problems and if all kinds of solutions were open to discussion so that we could choose, study each one, I think that all of this would be terrific. I would hope that the maturity of our political parties would make them devote their time to these subjects because they are important national problems and that we would stop dealing with all those small and unimportant things which lead nowhere."

He stressed that "by distributing everything we will all become poor" and emphasized that "what needs to be done in this area is to increase the per capita income and to do this there must be effective and efficient production."

He said that "the leaders have not provided informative and serious direction which would allow the establishment of a hierarchical democracy that is needed to provide the required stability."

ARGENTINA

POLITICAL PARTY ASKS FOR NATION'S WITHDRAWAL FROM ILO

Buenos Aires LA PRENSA in Spanish 21 Jun 79 p 12

/Text/ The ADA /Argentine Democratic Organization/ in a statement signed by its president, Luis F. Moneta, is asking that Argentina withdraw from the ILO.

The ADA bases its request "on the basic changes in the principles which inspired the creation of the ILO. In other words, defense of the worker outside all political considerations with the understanding that the democratic system would be the basis for all trade union development. Labor Minister General Llamil Reston, in this respect, has marred the position of the union delegation traveling abroad by selecting individuals who are allied with Peronism and are known for their corrupt and criminal practices which the nation's authorities are aware of."

Further on the ADA states: "But this action is coupled with something more serious and that is Minister Reston's promise to free union members who were arrested for violating the law and attempting to subvert the government of national reconstruction. Is it possible to make such a promise when those who have been detained are in the custody of judges who are in charge of hearing the case against them? On what does Minister Reston base his assurance of freedom for the accused? Can we assume that an effort will be made to subjugate the judiciary? This action requires an explanation from Minister Reston."

The ADA statement then adds that "the reality of this is that the game might be repeated with the government's of the past decades so that the free trade unions in the country are discredited because the competent authorities cannot be taken seriously. For this reason, the ADA union secretariat has decided to request a new meeting with the Minister of Labor in an effort to put an end to the shame which reflects on the competency of its advocates and the false representatives of the workers."

In closing, the ADA points out that "the minister has tolerated 'foreign' intervention and interference" by delegations that have entered the country because of his silence to date on what has taken place."

ARGENTINA

EDITOR'S COMMENTS REFLECT COHESION WITHIN ARMED FORCES

Buenos Aires CONVICCION in Spanish 24 Jun 79 p 1

[Editorial by Hugo Ezequiel Lezama: "More on 'Respectful Silence' and Other Hot Topics"]

[Text] Gen Guillermo Suarez Mason said publicly that politicians should maintain "respectful silence" until the Armed Forces disclose their political proposal.

In its edition last Thursday our colleague LA PRENSA published an excellent commentary by Manfred Schoenfeld in which he outlined in a prudent and judicious style the dangers that the remark by the Army chief of staff would entail for the country's democratic recovery if it were carried to its ultimate consequences and if it fully represented a widely-held view.

Our wise citizens agree with Schoenfeld's remarks because the doctrinary concepts that he has outlined are lucid and clarifying. But strangely enough, we can conjecture, knowing his background, that Gen Suarez Mason himself must be in agreement with Schoenfeld's ideological conclusions.

It is not our intention to prepare a defense, nor does Gen Suarez Mason need defenders. However, we want to add some of our own thoughts, even though we might be violating the "respectful silence."

We could acknowledge that perhaps the wording should have been more precise, but we cannot assume that an officer who was exiled for opposing Peronism, an officer who is recognized as an anti-totalitarian and who has upheld his democratic philosophy with his actions, has suddenly erased his own personal history. I think that we have to conclude that in making some quick remarks he did not stop to delineate precise connotations and that he was simply speaking as we all often speak.

We could contend that a general who holds such an important post is responsible for indiscreet remarks because he cannot allow himself to make them. True, but vain and somewhat pointless. Important men at times want to speak freely, without realizing that they are going to upset things.

Each person is what he is now, but also what he has been. Gen Suarez Mason's history is sufficiently clear, and thus a mistake in his choice of words does not give us the right to tag him with a political stand that runs counter to his principles.

I am not a friend of Suarez Mason. I have seen him only once in my life, and that was years ago. Isabel Peron was in power, and we just happened to be lunching with some other people in the Rural restaurant because we were with Hernan Cibilis Cobo, a common friend. I am stating this so that you realize that I am speaking with total freedom, and the reason for my comments is that I think (and I have said so several times) that the worst thing that can happen to us is for those of us who confronted subversion to engage in pointless arguments, a logical outcome of the moral breakdown to which Peronism had brought us.

If we get to the heart of the matter, the objectionable part of Suarez Mason's remark is "the politicians," because it is unfair to lump them all together, inasmuch as many of them are worthy men who can certainly be redeemed. But who has not felt the need for some politicians to maintain a respectful silence when we hear them speak with uncommon conceit, as if they were not the leading figures and accomplices of the chaos into which Argentina was plunged?

Who destroyed democracy in this country? The Armed Forces, which waited until the very end to act, or certain politicians, specifically the people in FREJULI [Justicialista Liberation Front], who went along with the subversive dictator like docile toadies? Shouldn't these gentlemen maintain a respectful silence today? We honestly believe that they should. The "silence" is due to their moral incapacity, and the "respectful" stems from a most elementary of homages to all of those who perished, to all of those who were maimed, to all who still today bewail the great misfortune caused by the terrorist orgy that certain politicians supported with their cries or with opportune silence.

The national reorganization process has been cautious and discreet and has avoided causing additional grief to a severely wounded country. But this should not be interpreted as a license to once again trample the democracy that both civilians and military are trying so hard to restore in Argentina.

I want to stress this point. Let's not talk about "the politicians," because some of them are truly brave and patriotic. But the others ought to maintain silence, and that silence ought to be respectful, as a minimum reparation to a society to which they brought so much harm.

We can disagree with many of the government's attitudes. We can feel that its economic policy is wrong and must be rectified. We can wish for more of a push and more imagination to get Argentina moving again. But

we must not confuse all this with the desire for a return to permissive delirium, to terrorist chaos, to government-endorsed amorality, which would again be upon us if the country surrendered hypnotically to the supposed democracy of an election that today would unavoidably feature the agents of destruction and their tame flock of political accomplices.

Just as we desire the respectful silence of some, we want to hear the ringing voices of others. This is the Armed Forces' most delicate function, if they want to prevent the process from vanishing into an historical cloud that would eventually vitiate it.

Every week we hear the military's philosophy in the speeches by its leading figures. We also want to hear the thoughts of the politicians, the other politicians, the ones who exist now and the ones who will exist in the future if the required conditions are established so that the country can bring in fresh leadership. Nothing lasting can be built without the voice of civilians, because the dream of a military republic like Sparta in today's Argentina is nothing more than a utopian and absurd nightmare.

Citing what an Argentine residing in Mexico supposedly said, UNITED PRESS released a cable stating that Admiral Massera had met in Mexico City with Peronist leaders. Inasmuch as the cream of subversive Peronism is to be found in Mexico, it is easy to perceive the defamatory intent of the person who was the source of the information. Massera has been back in Buenos Aires since yesterday and he personally and emphatically denied the rumor.

This is not the first time that an attempt has been made to associate the former junta member with insinuations designed to set him apart from and at odds with a process of which he was cofounder. Such endeavors are part of the far left's interest in creating splits and misunderstandings among the best known members of the Armed Forces. Although Massera is the tactical objective, the strategical objective is the process itself, because one of the things that has most disappointed the terrorist leadership is the unshakable unity shown by the Armed Forces, despite all of the efforts exerted to shatter it. It does not matter how absurd the stories are, because today's newspaper readers cannot methodically follow the thread of news reports, much less analyze them thoroughly. Thus, defamation, even if canceled out by a previous or subsequent news item, performs its divisive function in some part of public opinion.

Two weeks ago, a cable from Washington said that after his speech at Georgetown University, where he had defended Argentina's position in the struggle against terrorism, Massera had been strongly harassed by left-wing groups, which claimed that he was one of the most relentless pursuers of subversives in Argentina, subversives with whom he was just now reportedly talking in Mexico.

What really seems to have happened is that Massera met with President Lopez-Portillo, with the president of the government party and with writer Gabriel Garcia Marquez, who expressed his disagreement with the international campaign unleashed against Argentina. Massera's visit to Mexico created serious security problems for the government, precisely because so many members of terrorist Peronism live there, and there was fear of an attack on him. In fact, Admiral Massera was unable to conceal his astonishment when he found out upon arriving at the Mexico City airport that the security forces ordered for him by the Mexican president belonged to the army, not the police. From the time of his arrival to the time of his departure, he was accompanied at every step by commissioned, not noncommissioned officers of the Mexican Army.

On Friday, the commander in chief of the Air Force, Military Junta member Brig Gen Omar Graffigna, delivered a an extremely important speech to the Santa Fe Chamber of Advertisers. In his wideranging and pithy address, Graffigna did not sidestep in-depth treatment of freedom of speech and the problem of the mass media. He used strong words to defend a most democratic stand, and if we consider the individual involved, there can be no doubt that his statements will soon become a reality.

Graffigna said: "Consistent with its theory in this regard, the national reorganization process aims at returning to private hands the radio and television stations that it has been running so far, with the exception of a few that will be reserved for official use."

Logically, he specified that they would not be released without conditions, adding that "television and radio cannot become tools of mass collectivism in which man cannot find models to develop his individuality, attain his spiritual values and internalize his duties to the nation and to society."

These remarks, like the ones referring to the state's management of the written press, are a refreshing hope for journalism and public opinion, and they represent a guideline of conduct for those who still today call the newspapers from their government offices to "suggest" how a news item should be handled.

8743

CSO: 3010

ARGENTINA

FURTHER COMMENTARY ON UNIVERSITY LAW

University Policy Unclear

Buenos Aires CONVICCION in Spanish 3 Jun 79 p 11

[Article by Ines Renett: "The New Law Also Does Not Define a Political Model for the University"]

[Text] The university law, as all laws, should lead to a change in conditions which would represent, above all else, a response to the nation's demands for progress and development. This does not seem to be the case with the university law draft bill which was made public less than 48 hours ago by Minister of Culture and Education Juan Rafael Llerena Amadeo. Above all, the text is designed to guide the activities of the various sectors of university life.

Attention focuses on the fact that the concepts of "education" and "university" are not raised and this has prevented the establishment of the scope of the university as an institution destined to be a part of the society which it is supposed to "serve." On the contrary, the bill conceives of the university as an educational tool and as a means for preserving culture. This is not enough and some observers have pointed to this deficiency.

For years there has been the hope that Argentina would achieve what other countries have accomplished and that is that they have a clear idea of where the nation is going, thereby making the university a tool for development. But for this to happen here, it would be necessary to know, first, what kind of political model the university will have and, second, to accept the idea that the modern role of the university cannot ignore social changes. The draft bill made public by Minister Llerena Amadeo focuses more on the educational aspects rather than on the development aspects, bringing into question the contradictions which are characteristic of the entire national education system.

A few months after taking office the minister has fulfilled one of his first promises: the drafting of a new university law. Discussions were

held with the rectors of the nation's universities and a special commission from the Council of Rectors of National Universities (CRUN) was created. Now that the law has been submitted to the president, now that various power sectors in the armed forces are analyzing the text, now that the bill is before the Legislative Advisory Commission (CAL), the opinion of interested parties who learned about the text from the media is being sought. What is the reason for this? Is it in the nature of a consultation? A debate? Polemics? Or is it simply an attempt by those responsible for education to become "enlightened." In other words to expand their knowledge of different university subjects.

That is why at this time the opinions about the university draft bill will be of "relative" value. It would be an entirely different story if at the start of the process, the government had consulted the professional centers, the independent academic groups and all kinds of groups associated with higher education.

During a quick opinion survey before this article was written, someone mentioned that the bill has all the characteristics "of a permanent law" and that "there is no indication in the text that it is a provisional piece of legislation." The provisional nature, as is known, could be measured time-wise in the space of perhaps 2 years until the requirements for preparing and approving statutes are met and until the faculty situation returns to normal through the awarding of contracts of at least 70 percent of the faculty.

Expanding on this subject, however, not even the transitory nature nor the alleged permanent nature are important. It would be important, however, to define the university's political program within the context of the general political picture and to prepare laws that provide the country with an absolutely clear outline of reality that no one could disagree with or withhold their support. But since some goals of national importance have yet to be defined, perhaps it would have been correct to draft an emergency law.

In other words, the search for correct legislation should parallel events or keep pace with history. The Avellaneda Law, promulgated on 26 July 1885, was in effect for 62 years until 1947. Its very short text consisted of four articles and the last one provided a format. It granted most of the academic, administrative, financial and disciplinary functions to the faculty and gave the rectors representative and honorary functions.

Since that time, 1947 to the present, the country has had seven different university laws. Some amended others while still others were adaptations and readaptations of others. All were the product of political changes. And finally we come to the bill that was made public on Friday. It resembles Law 17.245 which was issued during Onganía's administration.

Thirty-two years have passed since the series of university laws started. This only goes to show that basically what has been missing since that

time is a definite policy for the universities which should coincide with the direction the nation has taken. The Avellaneda Law lasted for 62 years because it was prepared by a group of men who were able to rise to the historic occasion. No one doubts this.

University Rector Voices Opinion

Buenos Aires LA NACION in Spanish 21 Jun 79 p 13

[Report on Interview with Rector Jorge Douglas Maldonado of the National University of the South in Santa Fe; date not given]

[Text] The following are excerpts from a LA NACION interview with Dr. Jorge D. Maldonado in Santa Fe.

We should not do away with a university policy all together especially if it is understood to represent the skill and knowledge of those who are trying to govern.

The release of the university law comes at an appropriate time because it apparently synthesizes in one legal body everything, or at least the basic guidelines, dealing with the development of the nation's universities.

The bill or draft bill that was made public by the Education and Culture Minister, in establishing the objectives or goals of the university, is a step forward because it has given meaning to the nation's university education. We should keep in mind that Law 20.654 has almost completely suppressed university policy guidelines. I also feel that it is a step forward for the teaching profession, the teachers positions and the composition of the various university government bodies which have been placed in the hands of the faculty who are the ones directly interested in seeing that the university functions and is governed as it should be.

The fact that the administration has been placed in the hands of the faculty should not mean that students should be excluded from running the university not as members of the administration but by listening to them. It is the young people who most directly experience certain problems at the universities and it is only proper that those responsible for administering the university be motivated by the students.

We must look for a suitable means of communication with the students without having the students become a source of pressure. They should be an active part of the university community. While it is true that the bill has been criticized because it bans partisan politics within the university, this does not mean that politics as a science or politics with a lower case "p" is excluded because I believe that the day to day activities of a country have political meaning.

I repeat what I said when I became rector. We should not ban politics completely from the university when it is understood to represent the skills

and knowledge of those who desire to run the nation. We shall oppose only those who espouse doctrines or practices that are destructive or alien to our national feelings.

Another aspect which might bring positive results and peace to the university faculty are the norms that deal with stability since they might make a teaching position at the university more attractive.

Academician Proposes Modifications

Buenos Aires LA NACION in Spanish 20 Jun 79 p 9

[Article by Professor Maria Mercedes Bergada]

[Text] Professor Maria Mercedes Bergada is director of the Department of Philosophy (UBA School of Philosophy and Letters). Previously, she was a graduate student adviser at the UBA Higher Council (1958-1962) and for the Administrative Council of the School of Philosophy and Letters (1962-1966). She has also been director of the graduate department at the UBA (1963-1965) and director of the Scientific Research Promotion Department at the UBA (1969-1971).

Generally speaking, the bill is satisfactory and it has many positive aspects, although unquestionably there are other things that could be improved upon. Given the limitations of space, I will only discuss one of these aspects and that is the one dealing with the university government bodies.

I am in complete agreement that the administration of the university should be exclusively in the hands of the faculty but I feel that this could best be done with some changes in the bill's provisions (Articles 50, 56 and 57).

With respect to the Higher Council, the bill contains provisions taken from Law 17,245. The Council is composed only of the rector and the deans. The faculty is, therefore, not represented since based on the draft law the rector and deans are not elected by their peers but rather are appointed by the PEN [National Executive Body]. Therefore, if the faculty is not represented on the council, the faculty will not be responsible for running the university government or will not even have a hand in it. Instead, the university will be run by officials directly chosen by the PEN. I believe that the faculty--who understand the problem well enough to admit that because of the nature of things at this time it is probably more appropriate to have deans and rectors selected in this manner--does not deserve to be excluded from participation in the university's highest governing body, the Higher Council, in addition to having curtailed its natural right to elect the university's top officials.

Furthermore, my experience in working with these government bodies allows me to make other practical suggestions. It is very beneficial to the administration to have the deans on the Higher Council accompanied by some professors who not only support their views but who could also be a channel for providing information to their colleagues or for transmitting the recommendations or concerns of the faculty to the Higher Council. Their presence would also be an effective way to avoid, especially on controversial issues, having the discussions among the deans become, consciously or not, sessions for tacit reciprocity or of "nonintervention" by one in the affairs of another's school. This works to undermine the real reason for submitting such matters to the Higher Council.

I feel that it is indispensable that just as the bill calls for the election of faculty members by their peers to the University Assembly (Article 42) and to the Academic Councils (Article 56), the bill should also make the same provision apply to the Higher Council which is the body responsible for the effective administration of the university.

And, finally, with respect to the participation of the professors in the administration of each school through their presence on the Academic Council (even though the text of Clause 3, Article 56 "seven members elected from among the regular professors who are responsible for education and research in specific academic areas, according to the rules of each school" is not clear since it does not specify whether restrictions apply strictly to department heads or whether they extend to all professors holding a chair or heading an institute), I feel that (a) the previous system was better because it called for representation of a majority and a minority position based on selections made from lists prepared by the faculty (lists which obviously were prepared carefully so that the various departments and divisions would be represented); and (b) that it is important to reserve space on the lists for the assistant professors who can best represent the concerns of the younger faculty members. The names of assistant professors can be placed on a separate list when it comes time to vote. Although the present bill is obviously an attempt to insure the predominance of full and associate professors (the bill gives full and associate professors two votes and assistant professors one), when a vote is taken in each field, paradoxically the practical result could be that the assistant professors views might prevail. Since it is normal for each school to have, in addition to a department head or an associate professor, several assistant professors, the total number of assistant professors could easily be double that of full professors and associate professors.

Specifically, to avoid the problem just cited, I would recommend raising the number of members on the Academic Council to nine. Of these, six would represent full and associate professors (four would come from the majority list and two from the minority list) and three would represent the assistant professors (two from the majority and one from the minority) who would vote on a separate list. The existence of a majority and a minority

position--there is no reason for these to respond to ideological or political divisions, instead they could represent ideas or methods associated with academic problems--also helps to improve the administration and to create a climate of coexistence and mutual respect.

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CSO: 3010

ARGENTINA

BETTER RELATIONS WITH UK CERTAIN TO SMOOTH THORNY ISSUES

Buenos Aires LA NACION in Spanish 23 Jun 79 p 6

/Editorial: "Relations With Great Britain"/

/Text/ It would be helpful if ties with the United Kingdom were re-established as soon as possible. Relations were broken over 3 years ago under circumstances and conditions that were exceedingly untimely. For some time it has been known through official channels, in use both in London and here in our capital, that efforts are being made to re-establish relations that had been in existence since the last century.

The outstanding problems between the two nations could be more quickly channeled and their solution would become more feasible if normal relations between the two Foreign Ministries existed, thereby making it unnecessary to work through charge d'affaires.

The presence in London of our undersecretary for foreign affairs and his counterpart's presence here are a good indication of the formal and basic situation. The talks in London between the two officials a few days ago, following the return of the Argentine undersecretary from the preparatory meeting of nonaligned nations in Sri Lanka, centered on the topic that is closely tied to the exchange of ambassadors. The decision, we have learned, has already been made. It is only a matter of choosing an ambassador.

Because of the high-level nature of diplomatic relations as well as the subjects under discussion, a long and diverse friendship presumes that these are important as far as all interests are concerned. There is no question that the selection of an ambassador should be done very carefully by both sides with respect to the candidate's character, experience and indispensable tact because of the uniqueness of the break in relations. At the time relations were broken, the situation was analyzed by the public from every angle. In the same way, no one questions the advantages of exchanging ambassadors.

Whether it is the Falkland Island case, the subject of sovereignty over the southern seas, the resumption of trade relations, which have been discussed

in a series of meetings, all are reason enough, outside of the usual considerations, for the resumption of relations between Argentina and Great Britain within a short period of time. The change of government in London makes the resumption of relations more likely.

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ARGENTINA

'CONVICCION' REPORTER IN LIMA ASSESSES BERMUDEZ VISIT

Buenos Aires CONVICCION in Spanish 3 Jun 79 p 6

[Article by CONVICCION correspondent in Lima, Jose Juan Romero: "An Alliance Between Peru and Argentina"]

[Text] Lima—Postponed since 1977, disputed for thousands of internal political reasons, unpredictable, the coming visit of Peru's president to our country is highly significant.

The removal of former Foreign Minister Jose de la Puente, with his somewhat erratic foreign policy, and his replacement by Carlos Garcia Bedoya makes it likely that there will be an opening and greater clarity with respect to the traditional excellent Peru-Argentine relations.

At a time when Argentina has, according to statements made by President Videla in Tucuman, "eight external fronts," taking care of relations with a "natural ally" like Peru is pivotal. In that respect, Gen Francisco Morales Bermudez' visit to Argentina is of great importance.

It is this caution which leads us to believe that the president's visit will not be limited to an exchange of medals and visits to the usual monuments. It is to be hoped that no one will comment that we both have something "in common" in San Martin without first recalling that the Liberator and his genius have a vital meaning for the Peruvians because he is not a foreigner "who came to help them" but rather he is their own hero. There is, then, a Peruvian San Martin which we Argentines should accept as their property while at the same time being thankful and recognizing in this apparent ambiguity the symbol of the union between two sister nations.

Furthermore, Peru represents for Argentina a model of what bilateral cooperation should be not only at the government level but at the private sector level as well.

Argentina, furthermore, has an opportunity to offer agricultural cooperation. In a country which does not produce enough food, INTA's [National

Institute of Agricultural Technology/ experience, for example, would be invaluable. On the other hand, possible cooperation in the area of large-scale mining, an area in which the Peruvians are experts, would be invaluable also.

On the other hand, Argentine-Peruvian trade has diversified. The traditional balance in Argentina's favor has diminished considerably and this provides an optimistic picture about intensifying future trade between two countries that clearly have complementary economies. Through SOMISA /Argentine Joint Iron and Steel Association/, purchases of Peruvian iron have increased and the nuclear cooperation program is working without any problems. Within the negative view that we Argentine's have of ourselves, the continuity, seriousness and efficiency of CNEA /National Atomic Energy Commission/ as it is seen from abroad, provides us with an example of what a serious Argentina could be like.

It would not be surprising if the Peruvians were to talk to Martinez de Hoz about financial problems, particularly in light of Peru's renegotiation of its foreign debt.

The absence of a bigger Argentine cultural presence here is distressing. All civil wars, and we must accept the fact that Argentina has gone through a civil war, have their death sequels. The slogans "Death to Intelligence" and "Long Live Death" are always there to tempt those who confuse artistic or intellectual creation with subversion. Culture is an arm of a nation's foreign policy. And Argentina cannot afford the luxury of squandering one of its most effective weapons. The production from TAM and the Pucara affirms our sovereignty. Exporting our culture makes it possible for us to be the protagonist on the Latin American scene.

For these and other reasons, Argentina will give General Morales Bermudez and the high cabinet level Peruvian delegation a cordial welcome.

During this 100th anniversary of the Chilean aggression, Buenos Aires, representing the entire country, has an opportunity to express to Peru the same feelings which launched Roque Saenz Pena when, after leaving his seat in congress, he placed his life at the service of justice wearing the same uniform which the Peruvian President will be wearing in Buenos Aires.

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ARGENTINA

B.A. GOVERNOR OPPOSES MOVE OF CAPITAL CITY

Buenos Aires LA OPINION in Spanish 8 Jun 79 p 20

[Text] Buenos Aires Governor Jaime Smart has expressed his opposition to moving the Federal Capital as the only way to solve the distorted problem of centralization which the present location of the capital has caused. He said that what is necessary is to decentralize services to the provinces and provincial services to the municipalities "so that the old capital can remain because we cannot afford a new one."

Smart made his statements during a speech he made on the eve of a luncheon sponsored by the Buenos Aires Bar Association which he was to attend. In the speech he also justified the creation of an undersecretariat for the greater Buenos Aires area.

"In general," he said, "when the reasons for moving the capital are analyzed, the main reason seems to be the belief that the remainder of the country feels that the location of government officials here has led Buenos Aires to grow, as far as its population and economic resources are concerned, at the expense of the remainder of the country."

He added that if this were true then "we could assume that by moving the capital and our national leaders to another part of the country, this great city would have all the agencies necessary to provide all the services." He added that "not many national officials would be able to move to another part of the country."

Smart admitted that this would change the size of the state, but he warned that "the cost would be great and I do not know if the country is in any condition to open a new territorial administration because of the many budgetary problems."

After making other observations, Smart said that "more important than the move--which has been suggested before--and with the same effect if followed along those lines would be to decentralize activities from the national level to the provincial level and from the provincial level to the municipal level." This would "free the national government of the tensions of city

problems which, in the hands of responsible provincial and municipal bodies, would not have an impact on the growth of the city of Buenos Aires."

The governor admitted that a similar problem has existed for some time in the province of Buenos Aires and because of it the cabinet level reforms are designed to restore the importance of the municipalities.

In justifying the creation of a greater Buenos Aires undersecretariat, Smart recalled that "the capital started growing in 1946 based on a centralist and demagogic policy which did away with the traditional makeup of the cities."

He said that the many problems which this brought about led Buenos Aires officials to look for another political administrator who could coordinate services among 19 municipalities and between these and the Federal Capital.

In speaking of the greater Buenos Aires area, Smart pointed out that "6½ million people live in 1 percent of the province as opposed to 3½ million that live in the remainder where from 30 to 40 percent of our industry is located and the national product stands at a similar figure."

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ARGENTINA

UNION OPPOSITION TO PROPOSED LABOR LAW INCREASING

Buenos Aires CONVICCION in Spanish 17 Jun 79 p 11

[Article by Ruben Ortiz: "In View of the Upcoming Trade Union Law"]

[Text] The official bill modifying the Professional Associations Law--which according to the latest statements by Labor Minister Gen Llamil Reston could become law in July or August--drew criticism from various trade union sectors this past week.

Criticism came first from the leaders of the "Commission of 25" who expressed their apprehension over the bill in view of the composition of the Bishops Pastoral Social Team. This was followed by criticism from leaders of the mid-level cadres of the Workers Textile Association (AOT) which has been intervened.

But it was not only concern over the proposed law which led the trade union leaders to visit the bishops headquarters. Instead they came to seek the church's intervention to secure the release of leaders who were jailed during the 27 April protest. According to the union leaders, those in custody include others besides the six members of the "Commission of 25."

With respect to the six, it is known that they are in the custody of the First Chamber of the Federal Criminal and Correctional Court of Appeals, a court composed of three judges who individually and in succession study each case.

Since each judge works independently of the others, there is a possibility that the ruling--which according to judicial sources could be made by the end of the coming week--will not be unanimous because of the disagreement of one of the judges. Despite this the union leaders trust that those being held in custody will be released.

Other criticism of the bill that changes the Professional Associations Law came from members of the national "Adelino Romero" organization which groups the heads of the intervened AOT's divisions and departments.

The textile leaders criticize the regional nature of the unions and argue that "if an effort is being made to prevent the diversion of the use of union funds, to guarantee strict internal democratic organization and to prohibit union activity in politics, then the imposition of strict controls and of clear rules of the game as well as the proper use of the government's power as a controller would have accomplished the same thing without harming anyone and without violating international contracts that the nation has ratified in this area."

The textile workers statement maintains that the official bill--which to date has been made public only through bits and pieces that have filtered out--will result in a weakening of the union structures if it is enforced "as written." The statement warns about the possible consequences which could result from the "innate weakening of the labor movement's forms of association."

The document also states that the union structure proposed by the government "points to the possible disappearance of domestic agreements," which would leave the workers in an inferior position when it comes time to negotiate wages and work conditions.

New criticism of the bill changing the Professional Associations and Social Works Law will come from the speech to be delivered within the next few days in Geneva by plastics leader Alberto Triacca who heads the Argentine delegation to the ILO assembly.

There appear to be fewer problems with official efforts to normalize management organizations. This task will begin with the granting of authorization to groups by sector so that they can elect new officers since they are still being governed by those in office since before 24 March 1976.

If the statements made by President Adriano Cenetier of the Mendoza Bodegueros Center, following a meeting with other leaders and the Minister of Labor during the latter's visit to Mendoza, are correct Reston told them that the business associations can hold their elections in July.

On the topic of salaries, the railway workers are hoping that by next week, or at the earliest before 23 June, officials of Ferrocarriles Argentinos will make public a detailed rescheduling of their wages.

The new wage scale for railway workers was announced shortly after the workers went on a 24-hour strike on 22 May to express their disapproval over the fact that their wage increase was identical to the increase for private sector workers.

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CSO: 3010

EARLY RETIREMENT POSES PROBLEM SAYS FRAGA

Buenos Aires LA NACION in Spanish 15 Jun 79 p 5

[Text] When Ret Rear Adm Jorge Alberto Fraga, minister of social welfare, returned from his tour through Tucuman and Santiago del Estero, he was asked about a possible increase in retirement benefits. He answered: "I have already stated that we will institute that increase in accord with the law; that is, when the real wage of the active workers has increased 10 percent. We estimate that this will occur within a month or a month and a half. Therefore, although this is not a specific announcement--I want to make that clear--we feel that the increase in retirement benefits will probably occur on 1 August."

Retirement Age

He was also asked about the age limits for retirement benefits. He answered: "We are not studying anything. One of the great problems in the country has been excessively early retirement. In some parts of the country, people under 40 have retired. This cannot continue because there is a passive population of approximately 3 million people in the country. The present limits of 65 years for men and 60 for women without dependents and 60 and 55 for workers with dependents will continue in effect."

Concerning the housing shortage, he stated that "the FONAVI [National Housing Fund] plan is being implemented more actively and the National Mortgage Bank is granting more loans as it recovers assets."

With respect to the Permuta Plan, Minister Fraga stated that "it will be passed soon since it has been approved by the board. Its implementation will begin soon."

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CSO: 3010

GUARANTEE ON DEPOSITS BILL GOES TO PEN FOR APPROVAL

Buenos Aires LA NACION in Spanish 20 Jun 79 pp 1, 5

[Text] It was reported last night in the CAL [Legislative Advisory Commission] that a decision has been reached about the guarantee of deposits bill which will be sent to the PEN [National Executive Body] in the next few days. The deadline--with its 10-day extension--ended yesterday but the final draft of the findings was still being worked on and the Central Bank had been asked additional explanatory questions.

As far as could be learned right after the official announcement was made, the findings left intact the essence of the original bill; in other words, the state guarantee through the Central Bank will be optional and limited.

Perhaps the most important modification introduced by the CAL refers to the limit of the guarantee. The Ministry of Economy bill only covered 90 percent of the capital deposited plus interest, a proportion which the Central Bank could change. However, the guarantee will cover all--100 percent--of deposits up to 1 million pesos.

This innovation required additional conditions to insure the efficient functioning of the system--for example, the decision that that limit be flexible or the determination of mechanisms to prevent investors from dividing up their deposits. The limit would hold for all deposits placed by one person in one financial institution including its branches.

Other modifications incorporated into the recommendations of the CAL refer to the appointment of external auditors that the Central Bank can contract not only for the institutions that decide to use the system (in the original bill, the prerogative for external audits was a result of the guarantee) but for all institutions, whether or not they use the guarantee.

Also it was decided that the Central Bank's obligation to advance funds to cover deposits in case of problems that could lead to liquidation is only applicable to institutions using the guarantee system. This limitation was apparently incorporated to induce official institutions that have a different type of guarantee to use the new system.

As has already been said, the cost of the insurance or guarantee that the institutions will have to pay will be equivalent to 0.03 percent of the total deposits. However, there will be a deduction or preferential rate for institutions that comply fully with the technical requirements that the Central Bank establishes. An objective definition of the conditions for that preferential rate was also part of the CAL findings.

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CSO: 3010

INVESTMENT OF RESERVES MUST BE GUIDED BY PRUDENCE

Buenos Aires LA PRENSA in Spanish 30 Jun 79 p 10

[Editorial: "The Country's International Reserves"]

[Text] The Central Bank's assets in gold and foreign exchange are currently equivalent to \$9.5 billion dollars, an amount that must be regarded as quite significant if we realize that it represents almost 60 percent of the shrunken reserves of the United States of America, one-fourth of Japan's external assets and almost one-fifth of the international reserves of the FRG, the country with the most solid monetary position.

The country's reserves of gold and foreign exchange represent the productive work saved up in this form by all Argentines after more than 3 years of hard sacrifices to lift the country up from the economic ruin and the discredit in which the government overthrown in March 1976 had left it. Today they represent a precautionary reserve that the nation can use to confront without hardships the critical situation that will be prompted by the adjustments stemming from the energy imbalance and the world financial crisis. They also constitute the key element in a strategy of deterrence that can preserve peace by dissuading any potential enemy from undertaking a reckless military venture.

The reserves of gold and foreign exchange belong to the national patrimony and represent a quite important part of the country's total wealth. Therefore, citizens have the right to know not only their makeup but also, and more importantly, how this wealth in the form of savings has been invested overseas, through the regular publicity that ought to be accorded government actions involving the administration of public assets. It is of particular interest to find out what portion of these reserves has been invested in monetary gold and whether the gold is physically present in the Central Bank's vaults or whether it is deposited overseas, and in the latter case, in what countries. It is also important to find out what use been made of the portion of reserves not consisting of monetary gold, the institutions in which our foreign currency holdings have been deposited and what kind of yield they are generating, in order to properly judge whether such investments will

maintain the buying power of our reserves in light of the increasing inflation in the countries that issue reserve currencies, as well as the smaller or greater risks of capital losses that we might possible suffer in the event of an international financial crisis.

It is no less important to find out in what countries these major investments of domestic savings have been placed, because there are well-founded conjectures that a very significant portion of them has been invested in countries currently experiencing economic difficulties. This has not prevented them from unleashing an orchestrated campaign of discredit in financial circles against our country, a campaign that translates into the systematic opposition of their political representatives in world economic organizations to any attempt at a loan operation with our country, with appeals for domestic political support for an unceasing human rights campaign. The profitable and secure investment of reserves must be guided by a policy, an overall strategy that asserts the country's weight in international forums by demanding reciprocal treatment in the financial cooperation arrangements that are explicitly or implicitly made with friendly countries.

The citizenry also has the right to demand prudent and careful administration of the reserves, because they constitute a safeguard against the profound sufferings that citizens would otherwise have to undergo if the international tensions that we referred to previously were to worsen. Therefore, in order to move towards an open and competitive economy, the tariff policy that has been formulated must be carefully reconciled with an exchange policy designed to maintain a balanced relationship between domestic and external prices and between interest rates on the local money market and rates on the international money market. When this much-needed balance is neglected, recent experience teaches us that international reserves fluctuate violently, which in turn prompts undesirable changes in the supply of money and credit in the economy.

Lastly, international reserves, which have been built up with the savings of all citizens, must be preserved in order to finance in the near future an orderly program of private and some public investment aimed at modernizing and expanding the country's production capacity and at developing its energy sources, its major mineral deposits and its basic industries by providing its economic structure the technology, efficiency and productivity of the most developed nations. This transformation must take place spontaneously as soon as the country overcomes the weakness, uncertainties and risks of capital losses stemming from the current monetary and financial disorder. In order to bring about the incentives that will make this transformation possible, the country will have to be given a sound currency with stable purchasing power, and to do this it is essential first to correct the structural financial imbalance of the public sector. Our daily efforts should now be focused on this task. Meanwhile, our international reserves must be preserved.

ALTERNATIVES, SETBACKS IN ENERGY PROGRAM REVIEWED

Yacyreta Alternatives Analyzed

Buenos Aires CONFIRMADO in Spanish 21 Jun 79 p 11

[Passages enclosed in slantlines printed in boldface]

[Text] As is known, Paraguay's insistence on modifying the plan of the Yacyreta hydroelectric project--which actually means suspension of its implementation--has generated great concern in the Argentine Government.

The Yacyreta project--approved in principle by the two countries--included the placement of 20 turbine generators producing 135 megawatts each in the first stage and the construction of a compensating dam and the expansion of 10 additional turbines in the second stage. According to official estimates, the project insured the placement of 17,000 gigawatt-hours on the Argentine market which the 20 turbines indicated above would generate.

The dimensions of the project are as follows. The dam would be 16,900 cubic hectometers with an area of 1,420 square kilometers and 250 kilometers in length, 21 kilometers in width and 35 meters in depth. It would produce 4,050 kilowatts and would permit navigation with 3.6 meters draft; the opening of the dam would be 54 kilometers from Corpus. However, all this has now reached a deadend with the untimely Paraguayan position. What are the reasons for this position? Are all Paraguayans in agreement with this decision?

Guarani Obstacle

If the Paraguayan obstacle--that is, the obstacle of Stroessner's government--is due to the search for certain economic compensations or to Brazilian pressure (Itaipu would need a compensating dike--Corpus--and thus it would be advantageous to detain Yacyreta), other Guarani sectors are beginning to think about the fact that many contractors and businesses could demand indemnity on the order of

\$500 million from the Paraguayans. However, there is more: some municipal officials of Encarnacion and leaders of the Colorado Party might have bought land cheap in the area that would be covered by water. The deal would be perfect for them since they bought land cheap and with the realization of the Yacyreta project they could collect large indemnities. Hurt by the position of the Asuncion government, they might use pressure now to overcome the obstacle.

Other Alternatives

As engineer Bernardo Bronstein, undersecretary of energy, stated, Argentina does not hold any responsibility for the suspension of the negotiations "since it has always maintained a position of absolute consistency as to the development of Yacyreta."

Bronstein also stated that "humanity cannot be permitted the luxury of wasting that enormous source of energy." He stated the assurance that "Yacyreta will eventually become a reality." A Guarani official indicated his concern recently about the subject. Enzo Debernardi, the top Paraguayan specialist in hydroelectric affairs, felt that negotiations with Argentina could continue through the diplomatic channels included in the Yacyreta Treaty. However, it is difficult to reinstitute talks after the unexpected Guarani position that threw away several months of arduous negotiations and, even worse, the already obtained international financing. In international relations, good faith is not a hindrance and, without it, the best intentions are not enough.

Thus Argentina is analyzing new alternatives: the Mid-Parana, Ibera (Corrientes), Garabi (Upper Uruguay) and other smaller projects.

Mid-Parana

The main replacement project is the Mid-Parana. Argentina would attempt to reach an agreement with the Soviet Union to shorten the deadline for the "feasibility study" on the Mid-Parana. As is known, the principal river of the basin is the Parana which forms in Brazilian territory from the confluence of the Paranahiba and Grande rivers. The Argentine segment divides into /Upper Parana, Mid-Parana/ (between the confluence of the Paraguay River and the Santa Fe-Parana area) and /Lower Parana/. This alternative could be considered immediately. While the Yacyreta project was collapsing, a group of Soviet experts was already working in Santa Fe, making a topographical map.

There are also smaller projects: the /Alicura/ with some 500 megawatts possible; /Piedra de Aguila/ with 1,000 megawatts; and /Collon-Cura/ with 600 megawatts. In Salta the /Zanja del Tigre/ project which includes the exploitation of the resources of the Bermejo River could be developed.

If it is kept in mind that Yacyreta would have generated 17,550 gigawatt-hours with a power of 2,700 megawatts, it would have to be agreed that the joint operation of some of these projects would serve to partially replace Yacyreta. Also if they were carried out, all the energy produced would be exclusively in Argentine territory for the use of Argentines.

All these hydroelectric alternatives are feasible as long as economic agreements are reached with Western international financial organizations or, in the case of the Mid-Parana, with the USSR. The future does not seem strongly affected by the Paraguayan position.

It will be necessary in the future to remember to draw up stronger agreements (or with more consistent partners) in order to avoid difficulties like that of Yacyreta. Perhaps effective Latin American integration and cooperation constitute the key to the energy problem as well as to so many other problems.

Energy Concerns

Buenos Aires CONVICCION in Spanish 14 Jun 79 p 14

[Passages enclosed in slantlines printed in boldface]

[Text] Power outages, oil prices and reserves and the circumstances that surround the Yacyreta project are some of the subjects that are primary concerns of Argentine energy officials. They all occur in related form but their solutions require set priorities.

Thus the persistence of differences with Paraguay about the Yacyreta plan led to the initiation of studies on alternative projects to replace the 2,500 megawatts of generation from that hydroelectric powerplant. Engineer /Daniel Brunella/, secretary of energy, stated that technical studies on the alternative projects will be finished in July.

While /Brunella/ made this announcement in Buenos Aires, the Argentine ambassador to France, /Tomas de Anchorena/, indicated in Paris the interest that the possibility of participating in the Argentine energy program has aroused in local industrialists. Concerning the case of the Argentine-Paraguayan project, /Anchorena/ indicated that precisely when the agreement for its construction collapsed, interest arose in France about the eventual alternative projects.

The Argentine ambassador explained the repercussions in French energy circles--official and private--from the explanation that /Bernardo Bronstein/, undersecretary of energy, gave last Tuesday in Paris about the details of the Argentine plan that will govern the sector until the year 2000.

The Program

In /Bronstein's/ explanation, one fundamental concept that he gave as a necessary condition to continue with the outlined program should be emphasized. This is to maintain "rate regulation throughout the country to cover the reasonable costs of the service plus a surplus for investment on the basis of 8 percent of the net assets of the different public service enterprises."

He repeated that success in financing the program will come "from the maintenance of rates in real terms. Otherwise, we would be returning to political rates which could paralyze the projects."

There is no question that /Bronstein's/ warning was aimed at a wider audience than the French. With the passing of months, the evolution of internal prices continues to widen the gap between them and the decreasing guidelines established by economic officials for public rates for the 12 months of this year.

Nuclear Generation

/Bronstein/ in Paris as well as /Brunella/ here in Buenos Aires reaffirmed the intention to continue in the direction outlined in the energy program which will demand an investment of \$58 billion until the year 2000. The construction of four nuclear reactors, in addition to the Atucha II and the Rio Tercero powerplants, with generation capacity of 600 megawatts each is planned within that period.

The secretary of energy stated: "Argentina is very close to total autonomy in the production of atomic energy," considering this alternative "the source of energy in the future."

In spite of these alternative generation projects, the problem of oil concerns officials of the sector. Concerning reserves, engineer /Brunella/ stated that they will last for 13 more years. He explained that that does not mean that Argentina will have no oil in 1992 but it will have to increase its imports year after year if new deposits are not discovered.

If that situation continues, the country would have to import all the oil that it consumes by the year 2005. These predictions indicated the need to continue working in the "exploration of the 18,000 square kilometers that offer good possibilities on land as well as exploration and exploitation in marine areas." He emphasized that /"the only possible national oil policy is the one passed since there is not enough financial capacity to undertake intensive work"/. Referring to the international situation, /Brunella/ complained about the wasteful attitude of the United States since the solution to the

crisis is not subsidy of fuel prices. "The solution is for each one to pay the price for what he consumes," he stated.

Need To Accelerate Bermejo Project

Buenos Aires CONVICCION in Spanish 14 Jun 79 p 12

[Passages enclosed in slantlines printed in boldface]

[Text] Many years ago, we Argentines first heard about the Bermejo River project although its study was finished during the 1960's by a commission headed by Adm /Gregorio Portillo/.

Nevertheless, in general, its importance is unknown or it is only valued from the hydroelectric point of view which, for different reasons, is most in style.

However, the Bermejo River project is not exclusively a hydroelectric project. It is merely a project that has, among other benefits, the possibility of generating energy. Neither is it a project aimed at navigation as those who recall the commission that functioned in 1935-36 which included only that aspect can believe. Neither is it merely an irrigation project or a geopolitical whim or a social necessity.

The Bermejo River project is a project that, through three canals, tries to make the presently useless river become the northwest-northeast axis of the country--that is, if a river that is 6 to 7 kilometers wide in innumerable shallow branches which carries the greatest proportion of sediment as any American river (approximately 10 times more than the Parana) and that does not have exact banks since they are pure dirt and the water erodes them can be called a river.

It is a project that, at an economic cost of /zero/, tries to make one-fourth of the national territory, uninhabited today and submerged in poverty and the most inconceivable cultural backwardness, communicate with the 20th century through locks, dikes and sluices.

It is a project that, through its energy potential, tries to develop the agricultural industry, the wood industry and all the infrastructure projects in the Argentine northwest.

The Bermejo River project tries, by means of its irrigation canals, to irrigate 1.5 million hectares and make 11 million hectares available for extensive cultivation.

	Plan A (1st stage)	Plan B (2nd stage)	Plan C (3rd stage)
Cost in million \$ (Total cost: 812.5)	332.8	276.8	202.9
Regulation projects	Oran dam, construction, Oran hydroelectric powerplant	Dams: Vado Hondo, Pescado I, Pescado II	International dams: Arrazayal, Astillero
Navigation projects	Lateral canal, Sgo. Est. canal, main port of Resistencia, El Salado	Complementary canals, construction in ports	Final complementary works on lower Bermejo
Hydroelectric projects	Elordi powerplant (Oran), 132 Kv transmission lines, lock canals powerplant	Elordi (2nd stage), powerplants on both canals (2nd stage), Vado Hondo, Pescado I and II powerplants and transmission networks	Lock powerplants (latest equipment), lower Bermejo powerplant, international dam powerplants, transmission lines
Boat building projects	Towboats, barges, launch cranes (partial)	Floating drydock (2nd series)	-----
Channel projects	-----	-----	Lower Bermejo 250 km: from Pres. Roca
Irrigation projects	Lateral canal, Sgo. Est. canal, upper Formosa	On both canals (2nd stage), complementary work for Formosa irrigation canal (Tequito)	Complementary canal work (3rd stage)

*The three stages (A, B and C) of the Bermejo River project would take approximately 5 years for construction.

It also attempts to have a fluctuating river that goes from 15,000 cubic meters per second to only 50 or 60 become a river with a regular flow of 400 cubic meters per second. One objective is to convert it into a navigable river for barge trains--its canals would be 30 to 35 meters wide and 4 meters deep--which would permit an almost abandoned mining area to function. Because of the cost of land freight, it now sleeps in the arms of the goddess Gea.

It tries to change nonpotable water (because of the amount of sediment, it is almost a solid) to supply the drinking needs of 97 million people, many more than the inhabitants of the region.

It is a project that will cost approximately \$2.5 billion and is financed only by the sale of government land in the area (it owns all the land) which now can only be looked at from an airplane.

Finally, it is a project that, by activating one-fourth of the country economically and culturally (which is a logical consequence), would contribute to perceptibly improve the poor financial conditions in Argentina, the pathetic social conditions of the northwest and the geopolitical position of an area that, until now, has only seen discouragement.

Adm /Gregorio Portillo/--who, as naval aviator, had the honor of making the first nonstop flight over the Antarctic Polar Circle in a Douglas C-54 in 15 hours on 13 December 1947--unquestionably thought about all this during the 10 years this project was planned. Lt Gen /Pedro Eugenio Aramburu/ who, as president, converted the Bermejo project into the first project of its type by decreasing the establishment of the commission also must have thought of all this.

Nevertheless, neither /Portillo/ nor /Aramburu/ saw the work and neither do we now. It should be asked: /Why/?

In Search of Gasohol

Buenos Aires LA OPINION in Spanish 11 Jun 79 p 11

[Text] Experiments using alcohol as a gasoline additive will begin on 9 July in the city of Tucuman, according to a report from the Ministry of Economy of that northern province. This type of experiment will complement studies already carried out by YPF [Government Oil Deposits].

Sources in that ministry indicated that, depending on the physical and climatic possibilities, the experiment will be carried out only within the borders of Tucuman Province. The experiments that will last up to a year will be carried out first with 100 vehicles from the provincial motor pool.

The official report indicated that YPF will be in charge of supplying the mixture with the following composition: 56.6 percent pure gasoline, 28 percent high-test gasoline and 15.4 percent dry alcohol. The use of this compound will not decrease the power of the engines that normally use gasoline to which this mixture is equivalent.

The program of experiments agreed on by the provincial technical teams and the national Secretariat of Energy includes, first, a test of normal use on highways and in cities, a second special test on highways and in cities and a special laboratory experiment.

The first experiment will consist of a series of tests of behavior, characteristics and reactions that can be observed under normal operation. Two groups of vehicles will be used, one using gasoline and the other using the gasoline mixed with dry alcohol. They will be tested on different types of roads, altitudes and climates. Before the tests, the vehicles will undergo an inspection and general tune-up.

The second experiment will consist of a series of tests with a limited group of vehicles equipped with instruments that will permit continuous control of the variables selected during operation. Again, two groups of vehicles will be tested; they will undergo a more detailed inspection than in the previous case and be used on different types of roads.

The third experiment will be done in the laboratory; there will be a series of tests with gasolines and engines based on modern technical norms. Tests on octane, composition, pollution control and all the problems of distribution, transportation, mixture, pumping and the entire problem of production of the fuel will be included in the central or general experiment.

The bases of the agreement on this type of experiment were outlined when engineer Osvaldo Calcagno, national fuel director, visited Tucuman. He and the governor of that province, Ret Brig Gen Lino Montiel Forzano, will sign the necessary agreements between 19 and 20 June.

The execution of this project will be directed by the Obispo Colombes agricultural industrial station and technical direction will be under engineer Jose Luis Bustos.

Details of Gasohol Agreement

Buenos Aires LA NACION in Spanish 20 Jun 79 p 5

[Text] San Miguel del Tucuman--Last night in this city the governor of Tucuman, Ret Gen Lino Domingo Montiel Forzano, and the secretary

of energy, engineer Daniel Alberto Brunella, signed an agreement to begin the experiment on 9 July on the use of a mixture of gasoline and dry alcohol to replace pure gasoline. It was signed in the White Room of the Government House in the presence of civilian and military officials and representatives of different sectors of Tucuman economic activity.

After the signing of the agreement, several people spoke including: architect Horacio Sampayo, interventor in the Tucuman Economic Federation; accountant Pedro Moraiz, president of the Tucuman Industrial Union; and Rodolfo Dagum, representative of the Alcohol Industries Council. They pointed out the objectives of the experiment and its importance for the provincial and national economy.

Then General Montiel Forzano spoke; he recalled that the project was an old Tucuman aspiration and that for more than 50 years studies have been made. Finally he said that the local PE [Executive Body] wanted all the sectors to participate in the project. Engineer Brunella spoke last. He expressed his satisfaction in the beginning of an experiment that he felt was important not only for Tucuman but for the entire country. He pointed out that, in spite of the optimum situation of the country in reference to fuel reserves, it was necessary to begin studying possible methods to provide energy from natural sources and added that, in this sense, the Secretariat of Energy is encouraging the existing projects to achieve fuel replacement. Finally he pointed out the determination made concrete in the project by Governor Montiel Forzano.

The agreement signed establishes that on 9 July specific tests will begin with the objective of investigating the feasibility of the use of gasohol, a mixture of alcohol and gasoline, as an automobile fuel in accord with the work program approved by the parties involved.

It also stipulates that Tucuman Province is in charge of the conduction of the test and the Secretariat of Energy, through itself and the YPF, will provide the necessary support and advice. The province has formed an executive commission which includes a representative of the Secretariat of Energy and another of the YPF. This commission will be able to authorize modifications and expansions of the work program, sign the necessary agreements to carry out the tests, negotiate contributions of any nature for the parties and decide all the operational aspects as well as authorize experiments with different proportions in the mixture.

According to the agreement, the parties will contribute to its cost as follows: the province--shops, vehicles, assets, computation services and technical and support personnel; and the secretariat through the YPF will prepare the mixture to be used in the experiment, adapt the installations and transportation equipment and will

be in charge of storage and distribution. Finally the secretariat through the YPF will supply the mixture at a quality equivalent to regular gasoline which will be sold at their pumps at the official price of gasoline. The mixture will be made up in accord with the work program or the executive commission in agreement with the secretariat.

Gas Shortage

Buenos Aires LA NACION in Spanish 2 Jun 79 p 5

[Text] State Gas issued a communique referring to difficulties in the supply of its service. It said: "Facing different reporters' questions about alleged reductions in the supply of gas nationwide and particularly in the Federal Capital and Greater Buenos Aires, State Gas is now reporting to the public what it has done on previous occasions.

"During the colder seasons, the increased consumption causes a reduction in gas pressure in the ends of the gas pipelines which can lead to inadequate levels for normal supply to users. This can only be corrected by increasing pressure or reducing consumption. Both procedures have been put into practice this time, making the pressure as high as possible and asking for reduced consumption in factories and industries with interruptible supplies. However, this effort was not enough to satisfy the high demand during so many days with such constantly low temperatures."

Official Statements Questioned

Buenos Aires CONVICCION in Spanish 3 Jun 79 p 8

[Text] The official communique about the "alleged reductions" in the gas supply does not manage to hide this well-known truth suffered by everyone: there is a gas shortage. How can anyone who has tried to bathe, cook or light a stove on these cool days with normal temperatures for this time of fall believe that those "reductions" are "alleged"? Evidently the State Gas officials do not believe it either since they explain in the same communique that "during the colder seasons"--evidently they suffered distortion of the parallax when they consulted their thermometers--"the increased consumption" makes the gas pressure in the ends of the gas pipelines reach "inadequate levels for normal supply to users." They maintain that "this is corrected" by increasing gas pressure or reducing consumption in factories and industries and they tried to correct it. However, "this effort was not enough to satisfy the high demand during so many days with such constantly high temperatures." And they say that these "alleged reductions" are "alleged"?

After all, we know only too well that the temperatures were neither "as high" as is stated nor as "constant." We believe that we should thank State Gas that, already in this tepid autumn--not counting the few cold days--we are preparing to "spend the winter" with little gas. Of course, we cannot prepare only mentally for this adversity--common to all of us for many winters now--but we will be prepared for what we feel is inevitable.

This communique--written based on elementary principles of modern psychology--mercifully tries to hide from us the fact that we do not produce the gas that we need nor do we reach that level through imports. We would have liked them to tell us whether something is being done and what is being done or being planned to overcome this problem that has lasted for many years.

Ready to reorganize the country and, of course, its production and standard of living, we must work courageously to eliminate these effects of our recognized lack of planning. Let us convince ourselves once and for all that we must not consider our ability to improvise a national virtue.

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ARGENTINA

PRESS ITEMS REFLECT PERSISTENT CRITICISM OF ECONOMIC POLICIES

CARBAP: Lack of Clarity

Buenos Aires LA NACION in Spanish 2 Jul 79 p 4

[Text] Bahia Blanca (NA)—The president of CARBAP [Confederation of Buenos Aires and the Pampa Rural Associations], Juan Pedro Merbilhaa, contended that the current economic leadership "is showing neither firmness nor clarity" from the standpoint of the basic guidelines that have been announced.

"The economic leadership," he asserted in Coronel Suarez, "too often abandons its own proposals," stressing that "it is abandoning them with increasing frequency, and therefore CARBAP insists that it reinstate the doctrine that we have supported since 2 April 1976 and that has been abandoned."

Merbilhaa pointed out as well that "this is not a question of economic plans but of economic philosophy, inasmuch as plans can differ while the objectives remain the same to the extent that the plans firmly pursue the steps towards their goal."

He added that "our institution's basic disagreement is that the economic proposals that have been put forth are being abandoned day after day."

The CARBAP leader also said that "the doctrine enunciated on 2 April 1976 is correct; it is the implementation of the economic plan that I believe is incorrect."

"Therefore," he added, "I would not offer anything new, based on some laboratory invention, as an option. I do not believe in that type of experiment, but what I do believe in is the combination of the intellectual capacity for that kind of creation with actual, direct experience."

"There is nothing to invent; everything has been invented," Merbilhaa argued. "What we have to do is proceed in that direction without lapsing into something different."

He also said that "with regard to the errors of the past, we can talk about errors in almost all of the endeavors and experiences in Argentina, but the important thing is to determine what the errors were and whether they stemmed from men and the implementation of plans or from the goals that were proposed."

The CARBAP head maintained: "In my judgment, there have been proposed goals that ran completely counter to what we were trying to do, but on other occasions the proposed goals were correct but very badly pursued."

"Under the current circumstances," he emphasized, "I am again fearful that poor implementation of the plans will lead to categorical failure in achieving the proposed goals."

In connection with the emergency national tax on farm production, which expires in December, Merbilhaa stated that "if we go by what the finance secretary said, another kind of tax is under study, specifically the value added tax."

He then contended that "the official word that the tax would be temporary has clearly been broken. They are now going to levy another one on us in a different guise, which in practice represents an extension and an obvious breaking of the pledged word."

Frigerio on Trade Imbalance

Buenos Aires CLARIN in Spanish 20 Jun 79 p 4

[Text] Development leader Rogelio Frigerio maintained that Argentina is suffering from "an inflation the entire magnitude of which is not reflected in statistics, because certain variables that affect prices are being artificially contained."

"We have returned to political rates for public services," he added; "the dollar is greatly undervalued, and real wages are far below their historical level, far below an acceptable level for a normal functioning of Argentine society."

"Since one day we will have to adjust rates so that services do not grind to a halt," he explained, "since one day we will have to bring the exchange rate up to date so that exports do not grind to a halt, and since one day we will have to bring wages up to date so that there is no social explosion, we are going to discover that prices, even though they are high and out of control, will soar to the extent that these adjustments, which will be unavoidable, are made."

Frigerio granted an interview to the Tucuman paper LA GACETA in which he responded critically to recent assertions by an official on the economic

team, stating that "I do not think that any economist shares the view that inflation is dead, which is a not very successful use of symbolism. Inflation is growing from day to day."

In answer to a question on those who say that "nothing satisfies" Frigerio, he pointed out that in his judgment "one of the dangers is that certain sectors are trying to create a microclimate in order to confuse the upper reaches of the government."

"And it is not true," he went on to say, "because although there are those who say that nothing satisfies me, there are others who say that the attack has to be more comprehensive and include the Armed Forces, which I am against because it would hinder the chances for national unity and of coming up with a real solution to the chronic political problems besetting the country, and I am against it because I am convinced that a program like this one, which leaves domestic industry unprotected, cannot be the Armed Forces program."

Regarding the possibility that the economic leadership is facilitating the rise of "antimilitary feelings," Frigerio said that "the military authorities will be able to verify this by the difficulties they encounter in setting up a dialog or an approach to a political solution."

"This is impossible in the current economic and social situation," he said; "either they hold a dialog with unrepresentative people or they receive criticism and demands for a change in the current orientation."

Lastly, in analyzing the differences regarding the issue of the dams on the Parana River, Frigerio asserted that "the economic leadership is promoting a division of labor with Brazil that weakens and subordinates us. The proportion of Brazilian industrial exports in our trade is on the rise, and an imbalance is slowly taking shape that could have consequences lasting several decades. This problem cannot be resolved by proper diplomatic moves because it is of a different nature."

Alsogaray's Diagnosis

Buenos Aires LA PRENSA in Spanish 1 Jul 79 p 9

[Article by Alvaro C. Alsogaray]

[Text] The official diagnosis of the causes of inflation is fundamentally wrong. Therefore, the cure being applied is also wrong. Thus, the rate of inflation has not declined, as is asserted, from 900 to 150 percent; rather, after falling from 918 to 117 percent from April 1976 to April 1977, it began to rise once again from that date on and is now at 150 percent. In other words, for more than 2 years now inflation has been slowly but constantly rising to the highest rate in

the world. I do not see how these realities can be debated. The above figures cannot be interpreted any other way.

The Official Diagnosis

According to statements by high-level public officials, inflation is due to:

—Profit-hungry industrialists and businessmen, who take advantage of every opportunity to boost prices;

—The careless attitude of consumers (especially housewives) who do not defend their income by shopping around more to discover which stores sell at the lowest prices. Both producers and consumers have their foreheads branded with the word "guilty" in television propaganda;

—The "mental indexing" that has taken hold of everyone after 30 years of inflation and that takes some time to eradicate;

—The false hopes of businessmen, which lead them to act against the community and, in the long run, against their own interests. If we have another recession, they will be responsible for it (Dr Martínez de Hoz, Dr García Martínez);

—The current boom in economic activity and full employment (Dr Alemann);

—The pressures of sector interests. Each sector is trying to secure advantages at the expense of the others (Dr García Martínez);

—The price of meat, which has risen on world markets, dragging the domestic market along with it. A similar situation exists with grains and oilseeds. A rise in fresh products is expected for the second half of the year, and inflation developments will depend to a great extent on this (Dr García Martínez);

—The jump in the world price of oil, which will force us to boost the domestic price (imported inflation);

—Excess exports, which although they provide the country with foreign exchange, are a drawback because they expand the money supply (Central Bank officials);

—Excess public investment in private projects and enterprises.

Except for the last two reasons, which have a direct impact on inflation, the above causes represent an erroneous diagnosis. They are effects, not causes of inflation. To portray them as causes is like saying that

it is the fever that prompts the illness, not the illness that prompts the fever. As we can see, the difference in interpretations is crucial.

The Real Diagnosis

The only true cause of inflation is an increase in the money supply that is not justified by economic reasons, and an abnormal expansion of credit. This simple and practically absolute truth (there is a single case that requires complementary explanation) ought to be shouted from the rooftops so that everybody becomes thoroughly aware of it. Hayek (the 1974 Nobel Prize winner in economics and one of the most illustrious contemporary economists and political philosophers) has said in this regard:

"I think that we all agree that we can avoid a catastrophe only through a better policy, and only a better informed public opinion can enable us to undertake that better policy. In the current state of affairs I do not think that there is much hope, and thus our basic concern ought to be to see to it that a number of simple but forgotten truths take on renewed strength. One of these obvious truths is that inflation depends exclusively and entirely on the money supply and is not an unavoidable consequence of any sort of action, political or otherwise. There are, of course, many reasons at present why governments might want to increase the money supply, but this does not change the fact that the cause of inflation is always the same: a larger amount of money."

The same thesis is upheld by Erhard (who in 1948 began the German economic miracle that is still going on); Luigi Einaudi (the author of Italy's postwar miracle); Rueff (the man behind France's 1958 recovery); Kamitz (the father of Austria's resurgence); Milton Friedman (the 1976 Nobel Prize laureate in economics) and other famous thinkers such as Von Mises, Roepke, Bucken, Harbeler, Machlup, Rothbard and other forgers of modern economic science. I concede that Argentine politicians and economic "experts" do not attach much worth to what I might say (no matter how good an idea it would be for them to take a look at how we managed to curb inflation in 22 months between 1959 and 1961), but what I do not understand is how they can so completely ignore the truths that have been discovered by these great achievers and leading lights of economic thought, who saved the Western World and reconstructed countries devastated by war.

Wrong Cure

On 24 March 1976 an incorrect diagnosis was made concerning inflation. Therefore, we could not expect the cure that was chosen to be the proper one. Correct action could have been taken only by accident, but chance has little to do with inflation. In any case, it was not a factor this time. Inflation continued, and today we are a bit worse off in this regard than we were 2 years ago.

Last 20 December, in light of evidence that inflation was threatening to get out of hand, which would have serious political consequences, the economic team decided to implement a "provisional plan" consisting of "guidelines" for the dollar, official prices and rates, wage increases, interest rates and the expansion of the money supply due to domestic factors. These guidelines were complemented by Circular No 6, which stipulated that when prices of certain items went above, in the judgment of the officials, the levels implicit in the guidelines, tariffs on the corresponding imported goods would be cut in order to force domestic manufacturers to "behave appropriately." With this plan they hoped to "psychologically" (and to a certain extent forcefully as well) induce businesses to adjust their prices to the "guidelines" and thus to "gradually" reduce inflation. But at the same time they continued an uncontained expansion of the money supply, which hit 180 percent a year, when a barely tolerable figure would have been 18 percent. (The FRG's monetary program for 1979 calls for a six to nine percent increase.) Since business behavior is not a fundamental cause of price rises (as the official diagnosis states) and since an increase in the money supply is (as the real diagnosis establishes), prices ignored the guidelines and continued to climb as more money was created. A "gap" was thus opened between the authorities' "desired economy" (the economy of the guidelines) and the "real economy," the ones with inflation. This gap is widening day by day and will inevitably result in a fracture. We will soon be witness to it.

The "guidelines" plan is another attempt at repressing inflation (its effects, not its causes, though); it is similar to the 120-day truce and so many other analagous experiences. Like all of them, it will wind up a failure. The reason for the failure will be the aforementioned incorrect diagnosis as to the causes of inflation and, hence, the ineffective and even counterproductive cure applied. As long as the current expansion of the money supply continues, the problem cannot be resolved.

Why Is Money "Issued"?

But why is money "issued" under those conditions? We have to go back to political motives to explain this procedure. Money is "issued" in an inflationary way because governments spend more than they can finance via specific transfers from society to the state (taxes, tariffs, rate charges and contributions) and because in order to cover this deficit they resort to abuses of credit and to the creation of money in the aforementioned fashion. In our case, the excess expenditures and investments were due to:

--The construction of massive projects, mainly luxuries, for reasons of image or prestige. Among them are the World Soccer Championship, which required more than \$700 million; highways; underground parking lots;

9 de Julio Avenue; color television; the "conquest of the impenetrable" and others.

—"Development" projects such as ALUAR [Argentine Aluminum(?)], newsprint, Tucuman paper, Solvay soda, the Bahia Blanca petrochemical pole, Sierras Grandes iron, the new SIDINSA [Integrated Iron and Steel Company, Inc] steel plant, the deep-water port and, in general, most of the projects included in the special promotion schemes, which over the last 3 years cost more than \$2 billion. Although some of these projects could be justifiable in the future, under the conditions in which they are currently being promoted they are inappropriate and inflationary.

—The accelerated re-outfitting of the maritime, air and Government Oil Deposits fleets; the financially untenable development of many projects of other state-run enterprises, and the growth of the bureaucracy with its "way of life" that pays no attention to how much it spends.

—The monetary regulation account, which actually entails subsidies for credit with an eye towards maintaining a high level of economic activity and "full employment."

—The low level of efficiency in many essential activities due to the high degree of state ownership and socialization in the country, which necessitated the use of more resources than were required.

All of these outlays and investments in one way or another cause an expansion of the money supply and, hence, inflation.

Wrong Approach to the Crisis

The government correctly described the crisis that we were faced with on 24 March 1976. It also warned that serious efforts would be needed to resolve it and that it would take from 3 to 5 years to remedy the ills that we inherited. In practice, however, it minimized the crisis and did not channel national efforts into making those efforts. Instead of proclaiming, as President Avellaneda did in his day, that we should "save at the cost of hunger and thirst," it allowed us to continue the extravagances that we had become accustomed to over so many years. The aforementioned excesses prove this. This attitude on the part of "those on top" influenced "the people below," and thus Argentines began engaging in major and facile speculations, investing the yields of these speculations in luxurious residences in Punta del Este and other vacation spots and squandering money without any moderation whatsoever. More than 500,000 persons traveled overseas and surely spent more than \$1 billion while talking about a crisis, at the very moment when a war with Chile was imminent. It is hard to imagine greater irresponsibility. I emphasize, however, that this is not a cause of inflation, just another

effect. Naturally, not everyone was able to act in this manner. Most people remained outside this disorder and were the ones who had to pay for it. The middle class was the hardest hit.

The "Development" Diagnosis

There is a political group that asserts that underdevelopment is the cause of inflation. Therefore, in order to cure inflation it recommends spurring development by means of credits, endorsements, tax exemptions, special promotion schemes, high customs tariffs and even import bans, plus other contrivances. It does not care whether these expedients help to boost the deficit and require a further expansion of the money supply and credit. In other words, in order to curb inflation it proposes more inflation. Note that if the cause of inflation were underdevelopment, Haiti, Honduras and Paraguay, which are classified as "relatively less developed" countries, ought to have high inflation, and Japan, England and Italy, which are among the most developed countries, ought to have solid stability. The opposite is the case, however. How can this contradiction be explained? By simply acknowledging that of the incorrect views on the causes of inflation, the "development-oriented" view is the most absurd of all. Nevertheless, the "development" mentality is perhaps, based on what we have seen, the one that has had the greatest influence in the excess expenditures and investments that triggered our current inflation.

Summation

I think that the debate on inflation is over. At least it is for me. I can add nothing to what I have been pointing out for the last several years. If the theory that I have outlined is wrong, then the plan under way could be successful. There is nothing that I would like more than such an outcome, and naturally I would be the first one to correct myself. But if I am right, we will be faced with another crisis. In that case we will have to be very clear on things. We will then require a complete understanding of the problem, because as Hayek points out, it is the only source of much-needed solutions.

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CSO: 3010

ARGENTINA

TRANSFER OF FIRMS TO PRIVATE SECTOR REPORTED

Decision Applauded

Buenos Aires LA NACION in Spanish 2 Jul 79 p 8

[Editorial: "Transportation in Private Hands"]

[Text] The local city government had been operating the trolley bus transportation system in the city of Rosario, but it had to be suspended because it was not at all beneficial to municipal interests. The trolleys will be running again soon, but the service has now been transferred to private hands, as a specially established private concern has begun to assume the corresponding responsibilities. The Rosario city government ordered this action and granted the concession via Ordinance No 2370.

The municipality will be paid the sum of 720 million pesos, which includes the purchasing price of vehicles and installations. The contract lists the sum of 6.93 million pesos a month as rent on the municipal real estate represented by the system's stations and repair shops. In addition, service must commence within the peremptory period of 45 days, and regulations are established for adjusting rents each time that fares are changed.

The transfer to the private sector and the granting of the concession have been well received by local opinion, because private owners will meet the need for a non-polluting mode of transportation of sufficient scope for this major city more efficiently than a state-run service.

The city of Rosario had and has positive experience with private urban streetcar transport. There are, of course, many shortcomings and gaps, but the truth is that there would have been at least as many, or more, if the municipality had been providing the service. We should recall that the streetcars were transferred to the private sector because of the total failure of the city-run enterprise that had taken charge of this service.

We should also point out that the small bus lines currently in operation in our capital have been infinitely more beneficial to the public's

interest than the track record of the Transportation Corporation since it has been doing the job that the Anglo-Argentine Company performed in the 1930's. We anticipate an encouraging outcome of the decision by the Rosario city government.

Graffigna's Proposal, Announcement

Buenos Aires LA OPINION in Spanish 23 Jun 79 p 9

[Text] "This national reorganization process, consistent with its theory in this regard, aims at returning to private hands the radio and television stations that it has been running so far, with the exception of a few that will be reserved for exclusively official use," Brig Gen Omar Graffigna, the commander in chief of the Air Force, announced last night in his speech at the conclusion of a dinner given in Rosario by the Chamber of Advertisers of the Province of Santa Fe.

The Air Force commander clarified that "this will not, however, be an unconditional release," inasmuch as "that would be irresponsible." He went on to say that "the transfer to the private sector will be complete, materially, technically and operationally, but it will necessarily entail the observance of specific guidelines based on the principles of our nation, our traditional way of life and the objectives of the process."

"Television and radio," he said, "can be tools of mass collectivism in which man cannot find models to develop his individuality, attain his spiritual values and internalize his duties to the nation and to society."

In his speech the commander in chief indicated that "where the true essence of democracy prevails, the freedom of the mass media is directly related to economic freedom, inasmuch as the one is indispensable for maintaining the other."

Referring to the past, he stated that "during those years we saw the mass media become a forum of demagoguery, a tool of subversion and an example of submissiveness."

"Freedom of speech," he asserted, "was just a figure of speech devoid of substance. To exercise it led without fail to closure, confiscation, jail or exile."

He also reviewed the dangers involved in distortions of freedom of the press, stating that "this is the way that ideological infiltration takes place, which is not always easy to detect because of its high degree of sophistication; moreover, it has been facilitated by a false concept of freedom that has become widespread."

He defined the concepts of freedom as they are to be understood for the transfer of the media to private hands and he gave assurances that the "the government of the national reorganization process will exercise its authority in the field of the mass media in order to guarantee freedom within the limits needed to eradicate libertinism."

Referring to the activities of his hosts, the advertisers, he noted that "at present, being a successful businessman is closely linked with being a good advertiser" and that "you have to advertise today in order to sell because if quality and price are the same, the businessman who advertises the best and the most often is the one who sells the most."

"The outcome of this business fact of life," he added, "carries a social significance that deserves to be stressed; the outcome is a lower cost of living."

"By informing the public as to merchandise and services," he noted, "advertising makes possible their widespread sale, thus permitting greater production, which leads to lower costs."

A Private Presence

Buenos Aires LA PRENSA in Spanish 1 Jul 79 p 5

[Text] The Secretariat of Public Information, a branch of the Presidency of the Nation, has released a document explaining the scope of peripheral transfers to the private sector, which apply to enterprises that will remain in state hands but that can divert some of their activities to the private sector.

It states that the reasons for the decision to continue state ownership and operation of the structure and basic activities of these enterprises "have not prevented us from analyzing possible transfers to the private sector of lines and sectors of production of goods and collateral services. Thus, a peripheral transfer to the private sector could include both the sale of part of the assets used to manufacture inputs or produce services utilized by the enterprise, and their leasing to private concerns."

"It could also include subcontracting to replace government loans or simply yielding part of the market that the state-run enterprise used to hold to new private producers."

Transfers to Provincial Entities

The document adds further on that as part of such a move, consideration was given not only to transfers to the private sector but also to transfers from national enterprises and organizations to provincial or

municipal entities that would be able to take on such activities more efficiently.

The report then outlines the degree to which the presidential directive concerning peripheral transfers to the private sector has been carried out in the sphere of the Economy Ministry.

YPF [Government Oil Deposits]

It asserts that under the Risk Contract Act the YPF called for bids on three land sites and four ocean sites, and a call is scheduled this year for bids on four other land sites and one other ocean area. In addition, the transfer of auxiliary or specialized tasks connected with drilling was continued, and the following were shifted to the private sector: the mechanical servicing of gas pumps of the Buenos Aires division; the distribution of items in bulk and aircraft fuels in La Matanza; canning in Salta and Rosario; transportation of aircraft fuels in Formosa, Corrientes, Chaco, Misiones and Cordoba. Bids were also taken for the river transport of by-products for the entire year.

The shipbuilding program was revamped; vessels for the maritime and river transportation of by-products were deleted, and the program was cut down to units to transport crude oil and heavy crude.

YCF [Government Coal Deposits]

The YCF is finalizing the renegotiation of the contract to build the Punta Loyola coal port via the concession system (including the railway feeder line), and the delegations also concluded negotiations on the Mendoza, La Plata, Campana and San Nicolas.

Water and Energy

This enterprise shifted entirely to private handling of the transportation of fuels for its plants and hired third parties for maintenance work on generating and transformer equipment, for the repair and upkeep of public works, access roads, irrigation dams and canals and factoring and collection services.

Engineering services are gradually being contracted for studies and projects with an eye towards transferring the functions of programming and engineering to the private sector.

One-hundred and twenty of a total of 160 pieces of real estate were sold off.

State Gas

State Gas signed an agreement with the province of Buenos Aires to operate natural gas distribution and marketing networks.

ENTEL [National Telecommunications Company]

By utilizing the "turnkey" acquisition arrangement, this enterprise partially outfitted the urban telephone switching exchange in Puerto Iguazu; six urban switching centers in Flores, Barracas, Belgrano, Munro and Ramos Mejia; 2,000 telephone lines in Obera, and awarded the contract for the second land-based international satellite communications station, in Cordoba.

It also shifted to private transportation of inter-regional telephone equipment, the maintenance of automotive vehicles and the compilation, printing, binding and distribution of telephone directories.

Mail and Telegraph

The National Mail and Telegraph Enterprise standardized legislation to allow operations by private firms that render services complementary to or competitive with mail service and as of last January began shifting nationwide postal transportation to the private sector.

Everything related to the upkeep of enterprise holdings (motors, machinery, instrument boards, equipment, teleprinters and electrical facilities) and of post offices themselves is being transferred to private concerns.

Ports Administration

This administration is about to call for bids on transferring to the private sector the task of collecting rubbish on land and from vessels in the port of Buenos Aires. It has transferred the ports of Ramallo, San Nicolas, Victoria, Helvecia, Hernandarias, Ruiz, Empedrado, Esquina and Tigre to the respective municipalities, and 19 others are scheduled to be handled in the same way.

ELMA [Argentine Shipping Lines]

ELMA has begun assigning loading and unloading operations at the port of Buenos Aires and the operations monitoring service to private firms.

River Fleet

This enterprise has begun the process of total transfer to private hands.

Argentine Railways

It has arranged for the sale of non-essential real estate and land for 12.8 billion pesos, has transferred the overhaul and enhancement of rails and projects to private concerns and will sell to private firms the container system between Buenos Aires-Cordoba-Tucuman-Salta-Resistencia and Paso de los Libres.

Some 242 units were registered under the plan of incorporating privately-owned cars.

In connection with the study on transferring the city of Buenos Aires's suburban system to provincial and municipal jurisdiction, the respective inventories have been completed, and a study is under way on setting up the administration of the metropolitan railways and shifting responsibilities to it, as well as on dividing up fixed assets and applying formulas to apportion the expenses and responsibilities of the shared infrastructure.

Sanitation Board

In conclusion, the document reports that the National Sanitation Board has transferred advertising functions to private hands and is working on cutting down the current administrative system to one or several general sectors that will collect bills.

A total of 207 existing sanitation services and projects under way have been transferred to provinces and municipalities. Provincial decisions are awaited for the signing of agreements to transfer domestic hookup services in Entre Rios, Buenos Aires, Jujuy, San Luis, La Pampa and Salta. Government-run projects continue to be pared back, and thus the number of agents has been reduced from 7,368 in 1976 to 3,886 at present.

A concession will be granted for the construction of a chlorine plant in this capital, the transportation of coagulants and the separation of muds and the recovery of aluminum sulfate from the decanted muds.

A private firm will undertake construction of the northern purification plant, and in this regard the list of specifications to be submitted to the appropriate authority for approval has been completed.

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CSO: 3010

ARGENTINA

AUTO IMPORTS SHOW A 12 PERCENT INCREASE

Buenos Aires LA NACION in Spanish 20 Jun 79 p 5

[Text] The automobile industry reached production of 23,361 units in May, an increase of 9.7 percent over the 21,300 manufactured in April and 39.5 percent more than the 16,748 units produced in May 1978.

It should be pointed out that the number of vehicles manufactured during the past month had not been recorded since September 1977 when the automobile plants finished 24,840 units in their assembly lines. They also show an increase of 15.7 percent over the 20,200 of May 1977.

During the first 5 months of the present year, 88,617 vehicles were produced, a recovery of 67 percent compared to the 53,085 units in the same period last year and an increase of 3 percent over the 86,000 produced in the same period in 1977.

Domestic Market

Vehicles delivered for sale in the domestic market totaled 24,051 units in May, an increase of 12 percent compared to the 21,469 shipped in April and 48.2 percent in comparison with the 16,225 shipped in May 1978. This level of shipments has not been equaled since October 1975 when 24,350 vehicles were shipped.

The total number of automobiles shipped in May was 18,363 units, an increase of 10.4 percent over the 16,638 in April and 57.8 percent with respect to 11,641 in May 1978. The number of commercial vehicles delivered was 5,686 units--that is, 17.7 percent more than the 4,831 in the previous month.

In the first 5 months of the present year, the domestic market received 95,342 vehicles--that is, an increase of 44.2 percent over the 66,143 in the same period in 1978.

Automobile shipments increased 48.9 percent and those of commercial vehicles 31.4 percent with 71,947 and 23,395 units respectively.

Foreign Market

Vehicle exports continue very low; 64 units were shipped, a decrease of 7.2 percent compared to the 69 exported in April and almost 80 percent less than the 316 units shipped from our ports in May 1978. There were 27 automobiles exported and 37 commercial vehicles.

The total number of vehicles exported during the first 5 months of this year was 464 units, 81.5 percent below the 1,506 sold abroad in the same period in 1978.

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CSO: 3010

ARGENTINA

AGRICULTURE SECRETARY REASSURES MEAT PRODUCERS

Buenos Aires LA NACION in Spanish 8 Jun 79 pp 1, 10

[Text] "The total volume of grain and oleaginous seeds from the 1978-79 harvest was about 31.97 million tons, a new production record," Jorge Zorreguieta, secretary of agriculture, announced at a press conference. He repeated that the economic leaders have not adopted any restrictive measures on domestic or foreign meat sales and that, in his opinion, there is no reason for concern about the increased prices that the producer receives since the market has been stabilized and there will be no major effects.

During a television program the night before, Zorreguieta, accompanied by engineer Enrique E. Gobbee, undersecretary of agrarian economy, stated that since the country had maintained a good cattle supply, it could now take over the international meat market. He noted the advantage of using substitute products to diversify the diet and make larger volumes available for export.

In addition to the agriculture secretary's statements, a statement in which CARZOR [Confederation of Rural Associations of the Rosafe Area] opposes the application of measures that impede free enterprise and a report from Montevideo that the first shipments of Argentine meat will soon arrive in Uruguay to regulate a market with constantly rising prices were made public.

Grains

Zorreguieta reported that the record of 31.97 million tons surpasses agricultural production in the previous harvest (1977-78) by 9.8 percent and the previous record obtained in 1976-77 by 1.3 percent.

He stated: "Thus, the average annual agricultural production for the past 3 years is about 30,876,000 tons."

Area Sowed, Production, Average Grain Yield in Argentina in Last Decade

Harvest	Area Sowed (Thousands of ha.)	Production (Thousands of tons)	Average Yield
1969-70	21,242.0	24,334.1	1,145
1970-71	19,778.7	22,860.5	1,156
1971-72	19,293.2	17,082.9	885
1972-73	20,909.6	27,140.0	1,298
1973-74	19,098.6	26,310.5	1,378
1974-75	19,067.5	21,999.8	1,154
1975-76	19,647.3	23,742.8	1,209
1976-77	21,444.6	31,556.0	1,472
1977-78	20,177.0	29,163.0	1,445
1978-79	20,339.0	31,970.0	1,572

With respect to the gross harvest, the secretary indicated that it is 1.8 percent lower than that of the previous year since it reached 21.73 million tons.

He also mentioned that the production of oleaginous seeds showed a significant increase reaching 6.23 million tons, an increase of 20.5 percent and 86.6 percent respectively compared to the past two harvests.

The secretary added that soybean production, estimated at 3.8 million tons for this year, showed an increase of 52 percent compared to last year.

Zorreguieta emphasized that these results are an obvious consequence of increased unitary yields.

The secretary continued: "These increases in yield are the result of successful genetic work by breeders and nurseries achieving varieties and hybrids of greater productivity. They are also the result of agricultural technology, the correct use of agricultural chemicals and, basically, the work of agricultural producers."

Zorreguieta stated: "These different rates of growth must be pointed out since higher yields are achieved in Argentina with the use of fertilizers and irrigation that are very inferior to those of the majority of the countries that are our competitors. This shows the vast possibilities of expansion of national production with the stimulus of relatively low real costs compared to the rest of the world."

Zorreguieta pointed out: "The increased production of oleaginous seeds, particularly in the last three harvests, has led to an increase

in the capacity of generating foreign currency per hectare due to the greater unitary value and to the final destination--that is, export."

With respect to Argentine participation in the world grain market, Zorreguieta stated that it equaled about 5 percent in 1974-75 and will be about 9 percent this year.

He added: "Argentine participation in exports of oils and oleaginous seeds was about 1.4 percent in 1974-75 and would be about 7 percent now. It went from 1.8 percent average from 1973-74 to 1975-76 to about 6.8 percent average from 1976-77 to 1978-79."

Meat

With respect to meat, Zorreguieta confirmed that no measure has been taken that restricts domestic or foreign meat trade. He revealed that he personally did not believe that there was any reason for concern as to the increased prices that the producers receive since the market found its own level and there will not be any major effect.

He also said that meat continues to be the preferred food of the Argentines and that, for its qualities and properties, it continues to be the cheapest food eaten.

It should be pointed out that on the night before last the secretary of agriculture explained in a television program that exports and consumption--more than 100 kilos per person per year--are actively competing. He added that because of the withdrawal of the principal exporters or a major decline in their stocks, Argentina is taking over the world market.

Concerning substitutes, he stated on that occasion that these will diversify the diet on one hand and also give the country greater volumes to export.

He also said that it is the people's custom to continue buying beef but they should be permitted to buy so that the consumers become aware that they should substitute one food for another.

CARZOR's Position

Rosario--Facing a possible 30-percent reduction of meat exports, CARZOR announced its position.

CARZOR maintained: "We cannot withdraw from the free economy that is being correctly used since this would harm the bases which we have been positively constructing through its application since March 1976." It added: "The cattle producer practically subsidized

meat consumption in recent years until only a few days ago through low cattle prices." His income cannot be limited facing increased prices "which, in constant values," it emphasized, "are still far from the highest and are lower than those obtained before 1973 and much lower than those of producers in other countries like, for example, the United States where 1 kilo of feeder calf sells for \$1.40."

Then the group indicated: "It is impossible to impose restrictions on meat exports at a time when Argentina can take the lead once again as greatest meat exporter in the world." It stated that, in addition to the traditional markets, there are other favorable prospects. Some countries in the EEC reveal intentions "of putting aside the arbitrary barriers that they imposed on us" in order to buy our meat.

CARZOR emphasized that "the present meat prices, in spite of very expensive intermediaries in some stages of cattle marketing, still let the people eat 100 kilograms of meat annually per person, principally in the Federal Capital and Greater Buenos Aires. This leads us to believe that meat is a cheap food and that consumption reveals a purchasing power that many deny." It proposed that "the government and the producer should concern themselves with lowering taxes and marketing expenses so that meat does not reach the consumer at prices that, in many cases, are not justified."

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CSO: 3010

ARGENTINA

FIGURES REVEAL JAPAN BOUGHT MORE MEAT IN 1979

Buenos Aires LA PRENSA in Spanish 20 Jun 79 sec 2 p 2

[Text] Japanese meat imports for April to September 1979 are estimated at 63,000 tons; that is, 23,000 tons more than in the same period last year.

The Japanese Ministry of Agriculture, Forestry and Fisheries made this decision, according to reports from the Japanese Embassy in our country. The quota of 63,000 tons is the highest for the period mentioned since the 70,000 tons in the same period in 1973. According to our source, the decision to increase the import quota is based on the fact that the Japanese ministry feels that, in that way, it will be able to appease some foreign criticisms about the restrictions imposed on that type of import.

Japanese Meat Imports

Year	General Quota		Special Quota
	Apr-Sep	Oct-Mar	
1973	70,000	50,000	9,445
1974	-----	-----	5,650
1975	30,000	45,000	10,000
1976	45,000	35,000	14,000
1977	35,000	45,000	15,000
1978	40,000	55,000	17,000
1979	63,000	-----	-----

When fixing that quota, the ministry assumed that the demand for meat would increase 10 percent compared to last year and domestic supplies would increase about 5 percent. This means it will need imports to cover a demand that cannot be satisfied by domestic

production. It is also necessary to make those purchases to maintain the stock of the Livestock Industry Promotion Corporation.

While officials say simply that the reduced surplus in stock makes these new imports necessary, private Japanese sources assume that the ministry was urged to adopt that import position, foreseeing an international meat shortage.

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CSO: 3010

ARGENTINA

WHEAT EXPORT DECISION EXPLAINED BY ZORREGUIETA

Buenos Aires LA NACION in Spanish 22 Jun 79 p 11

[Text] The decision of the National Grain Council to suspend wheat and wheat flour exports--although a measure that was also taken in previous years--led to a number of questions asked of the secretary of agriculture, Mr Jorge Zorreguieta. He gave the following explanation. Export entries at this time total 3.65 million tons to which should be added 100,000 tons exported directly by the council; this means 3.75 million tons sold abroad.

If it is considered that the total national production in the past harvest was about 8.1 million tons, the sum of that already exported and that entered for exporting is at the limit that could be considered prudent since it is always necessary to estimate about 4.4 million tons for domestic consumption.

Mr Zorreguieta said that it is necessary to insure the domestic supply of wheat because if this type of plan is not adopted, the amount of wheat needed for domestic consumption does not remain in the country. It would also be very difficult for Argentina to import now because the price would be much higher than grain is in the country. Zorreguieta said: "We would have to buy wheat from Canada or the United States, pay for freight and unload it in our ports, all of which would raise the costs." There would be a major difference between the price of local wheat and imported wheat. He also emphasized that it would be absurd for our country, a wheat producer, to import wheat because it did not take the necessary precautions at the proper time.

It should be added that the National Grain Council bought 2.27 million tons of wheat from the last harvest to which it is necessary to add 450,000 tons of carry-over which raises the council's stock to 2.72 million tons. As was said before, the council exported 100,000 tons, sold exporters 430,000 tons and sold 430,000 tons to consumers.

Another 60,000 tons that have been promised make a total of 1.02 million tons.

If this figure is subtracted from the total bought by the council--that is, 2.72 million tons--1.7 million tons still remain in its possession. About 1.3 million tons will be absorbed by the consumer until 31 October and out of the remaining 400,000 tons, 300,000 will cover differences between that declared for export and that actually exported which is less and 100,000 will be the quota until the end of the year.

It should be added that, according to what we have been able to learn, some 300,000 to 400,000 tons remain in the possession of the producers of the southeastern part of Buenos Aires but the producers who still have wheat from the previous harvest would not be harmed by the suspension of exports since they can sell the wheat for seed. Since a high demand is anticipated, they can probably obtain good prices. Also the domestic price for grain is going to follow the trend of the international market; in other words, in some way, there would be problems for those who cannot export.

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CSO: 3010

ARGENTINA

CRA OPPOSES STATE CONTROL OVER NEW SILOS ENTERPRISE

Buenos Aires CLARIN in Spanish 23 Jun 79 p 8

[Text] In a statement released yesterday CRA [Argentine Rural Confederations] rejected the government bill to amend the Grain Act, a bill that calls for the creation of the National Elevators Entity. The group noted that it shares the idea of permitting "the construction of new installations at ports by private enterprise" but not the idea of "creating a new agency."

The Board of Directors of CRA has decided to reject the current bill to amend the Grain Act. The bill also calls for the creation of the National Elevators Entity, a move that is in the final stage of consideration prior to enactment.

The statement released by the rural organization points out that the proposed legislation "is an attempt to bring together two completely different matters that it makes no sense to deal with jointly: the possibility of private construction of terminal elevators at ports, and the creation of an entity or association to administer those that are currently state-owned, the sale of a number of them and the construction of others. Agreeing basically with the first point and disagreeing completely with the second, we are rejecting the current bill in its entirety."

Consistent with this position, CRA proposes "dealing separately with the two issues, by promoting henceforth a bill that will enable private enterprise to build new elevators at ports, while existing ones remain the property of the state."

"We also reject the proposal to create a new entity, which will yield no benefits, in our judgment, and which will, on the contrary, have to be maintained once again by the producers, even if indirectly, because it escapes no one that middleman costs are inexorably transferred to the producers."

The rural group also contends that "the administration of existing elevators has shown that it can become efficient without the creation of new agencies. Neither does the sale of a number of them require a special association. New elevators can be built with private capital to the extent that financial and credit arrangements proceed normally and turn out to be consistent with subsequent operations. If this is not the case, private capital will not be enticed into ownership of new elevators in any way whatsoever, whether by construction or purchase."

The CRA statement concludes by **noting** that the group "thus reaffirms its stand in favor of increasing participation by private enterprise and its rejection of new bureaucratic agencies that always are a burden on producers."

At last Thursday's meeting, at which the decision was made to voice an opinion on the bill, the CRA Board of Directors, chaired by its director, Hugo Zuza, also took up the bill to create the National Farm and Livestock Disease Control and Inspection Entity. It rejected the bill, with arguments similar to the ones advanced in connection with the creation of the agency that would be in charge of warehouse activities.

It is the feeling of CRA leaders that a consolidation of the current agencies into an independent organization will not guarantee greater efficiency in the tasks of monitoring, investigating and eradicating plant and animal diseases. In the CRA's view, it will, however, entail a new tax on producer income.

Although it was not on the agenda, the CRA governing body dealt with the recent National Grain Board resolution suspending the booking of wheat and wheat flour exports. After a lengthy debate, CRA left it up to member confederations to issue pronouncements on the matter. It was learned that in the next few days second-level organizations such as the Confederation of Buenos Aires and the Pampa Rural Associations and CARTEL [expansion unknown] would be issuing statements expressing opposition to all measures involving certain restrictions on normal market operations.

In conclusion, the Rural Federation of Rio Negro met all of the requirements for membership and joined the list of entities associated with the CRA.

8743

CSO: 3010

ARGENTINA

BRIEFS

CREDIT TO POLAND--Buenos Aires, 6 Jul (Telam)--The bank of the Argentine nation has granted a \$50 million credit to the (Handlowy W Warszawie) Bank of Warsaw, to be used exclusively for the imports of Argentine products. The credit is for 36 months with semiannual amortizations. [Buenos Aires Telam in Spanish 0320 GMT 7 Jul 79 PY]

ASTRONOMIC OBSERVATORY INAUGURATED--Rio Grande, Tierra Del Fuego, 11 Jul (Telam)--In a ceremony presided over by the governor of the Tierra Del Fuego territory, the Rio Grande Astronomic Observatory was inaugurated today. [Buenos Aires Telam in Spanish 1420 GMT 11 Jul 79 PY]

SEISMIC WARNING SYSTEM--Argentina will begin to implement the multinational Andean Seismic Warning System [PROSISAN] which has been approved by the OAS. Argentina will receive \$220,000 from the OAS for 1979-1980 for the purchase of equipment and personnel training, but actual disbursement so far amounts to \$120,000. Chile is the only other country which has also been approved by the OAS to participate in the PROSISAN. [Buenos Aires LA OPINION in Spanish 15 Jul 79 p 7 PY]

CSO: 3010

CABINET, MILITARY VOICE SUPPORT FOR INTERIOR MINISTER

La Paz PRESENCIA in Spanish 10 Jun 78 pp 1, 22

[Text] The cabinet and the military high command yesterday expressed their "complete and unqualified backing and their moral and material support" for Minister of Interior Col Raul Lopez Leyton and rejected with "profound disgust" the charges made by the political group headed by Gen Hugo Banzer, which asked for the removal of that state dignitary, accusing him of having shown partiality.

An official communique issued yesterday after the ministers' meeting said that the military junta "was surprised by the damaging, unjustified, and audacious utterances from the political organization of the Nationalist Alliance."

It added that the government "is fully aware of the positive and patriotic work of Col Raul Lopez Leyton, who, as minister of interior, is conducting the internal policies of the country with respect to the law and civil rights and liberties skillfully and calmly. Such recognition is exemplified by the impartiality and the guarantees with which he is carrying on the process of constitutionalization of the country, which is the principal objective of the armed forces of the nation functioning as the government."

President David Padilla, the cabinet members and the members of the high command gave Lopez their "complete and unqualified solidarity, and their moral and material support, urging him to proceed with the task entrusted to him by the government during this decisive stage to restore to the country the full exercise of the powers of state, its institutions, and the laws of the republic."

Statements

Upon leaving the palace after the cabinet meeting, the minister of coordination and planning, Col Gary Prado Salmon, said he wanted to make a statement outside the purview of technical matters relating to his own

office "in view of the unusual request made by the Nationalist Democratic Alliance.

"I want to personally express my total support for the minister of the interior, who is conscientiously encouraging the electoral process. The accusations and demands of that kind are an attempt to sully the purity of the elections," he said.

He deplored the fact that "those who now speak of rights, guarantees, liberties, are those who violated them for so many years."

Prado said that these "provocations" will not affect the development of the democratic process. "We do not want power; we are not ambitious. We are confining ourselves to carrying out what we proposed in 1974, when we asked the government then in power that the armed forces withdraw from politics and take charge of an honest election process with ample guarantees for the citizens, as at present." He was referring to the abortive military uprising of that year which he headed along with Lopez Leyton and which, when it failed, led to his expulsion from the armed forces and exiled in Chile.

Finally, he emphasized that "there is no partiality in the present process. We are not repeating what was done last year, when the elections were directed by the government. These elections will be held and will be the cleanest in history."

Minister Lopez Leyton for his part said that he was "surprised" by the attitude of the alliance headed by Gen Banzer. "I am a friend of the leaders of the Nationalist Democratic Alliance. We have had many meetings with Franz Ondarza, and he, like the other leaders, knows that I have no ill will toward anyone."

He reiterated that while he is minister of interior "no measures will be taken against any Bolivian. There will be no tears from wives, children, or brothers and sisters because of exiles or other repressive measures. We are living in a climate of guarantees for all."

Lopez asked that "the citizens, politicians and general public be the supreme judges" of the role of the Ministry of Interior, and he reiterated that "with regard to any error that may be committed, they should be assured that it will have been done in good faith. Otherwise, we are ready to correct any error on the basis of dialog."

9015

CSO: 3010

MNR VOWS RESPECT FOR PRESS FREEDOM

La Paz EL DIARIO in Spanish 9 Jun 79 p 1

[Text] The Nationalist Revolutionary Movement headed by Dr Víctor Paz Estenssoro, maintains that it respects and will respect the freedom of the press and journalists, not only with relation to the norms of basic rights, but as an inner conviction that it should do so, as it showed during the periods it held the reins of government.

Thus, this political party considers it would fully satisfy the expectations of the press and the journalists on the future treatment it would accord to the Fourth Estate should it win the 1 July elections.

The MNR issued a statement on this subject over the signature of Dr Paz Estenssoro; the text follows:

"Since the days of its founding the Nationalist Revolutionary Movement has made the functioning of the press an article of faith. It operated as a party under the stimulus of newspapers such as BUSCH, PREGON and LA CALL; it fought openly against the oligarchy that had vetoed the MNR victory in the 1951 elections, with such embattled publications as EN MARCHA; it supported its revolutionary actions in the government with LA NACION. The development of the press, its historical influence in the destiny of the republic, have always been a basic concern of the MNR, a fact corroborated by the book 'Nacionalismo y coloniaje' [Nationalism and Colonialism] by one of its founders, Carlos Montenegro, who made the republican diagnosis from an exclusively journalistic point of view.

"The MNR therefore has a high concept of the press as an institution in itself and as a determining factor in its own future. But it is always useful to note that the role of the press is essential in the life of the community. Its criticism, its applause, its clamor, its protests, and even its silences are facts that decisively influence the destiny of peoples, for good or for bad.

"The role of written thought is magnified when it concerns the field of political activity, because since this involves public affairs, the press, the fourth branch of the government--as it is universally recognized--participates directly in political discussions, approving what is good, censuring what is bad or shedding light on what is obscure. The tone of the press is an equally decisive factor when governments err or go mad, and often it has sealed the fate of dictatorships with its energy.

"The function of the press is also incalculable as a source of knowledge of world events and of the evolution of human intelligence. Today, thanks to the press, it is possible to learn about the newest triumphs of science and, in general terms the greatest technological advances achieved in the developed societies. Along with this, the problems of all peoples of the world, their triumphs and their worries. At the same time it is possible to establish positions by taking advantage of the magnificent opportunities for comparison which the reading of the modern press offers.

"This being the position of the Nationalist Revolutionary Movement, which I head, regarding the capital role of the press in life today, its attitude toward those who practice this profession, as also toward the instruments of expression--the newspapers--cannot but be the same. The MNR respects and will continue to respect the freedom of the press and the journalists, not only in relation to the norms of basic rights--one of whose greatest expressions is the Constitution--but as an inner conviction that it should do so, as demonstrated by the actions mentioned above in support of the written word.

"This attitude of the MNR toward the press is neither recent nor incidental. Even under the handicap of sharing power in 1971-72 with a government that turned into a dictatorship after our departure, the MNR gave a concrete demonstration of this position when the Ministry of Information restored to their owners the newspapers the extremists had occupied.

"In addition, the MNR has been and continues to be the party of the newspapermen since the now distant days of its appearance on the political scene. Now it cannot be other than a devotee of freedom of the press, the key to the rest of civil rights.

[signed] Victor Paz Estenssoro,
National Chief of the MNR"

9015
CSO: 3010

MORALES BERMUDEZ, HERRERA TO ATTEND PRESIDENTIAL INAUGURATION

La Paz EL DIARIO in Spanish 8 Jun 79 p 1

[Text] The presidents of Peru, Gen Francisco Morales, and Venezuela, Luis Herrera, have accepted the invitation extended by Gen David Padilla to attend the 6 August presidential inauguration of the winner of the elections on 1 July.

This information was provided by the president of the military junta in announcing that the verbal invitation to the two heads of state was given at Cartagena, Colombia, during the summit meeting of the presidents of the Andean Pact countries. He added that the official notes will be sent next week to Lima and Caracas.

Toward Democracy

Regarding the subject of the democratic process, Gen David Padilla reiterated that the governing military junta will carry out the elections without any change of plan.

With respect to the election campaign as such, he stated that the military junta was adhering completely to the schedule it had drawn up for returning the nation to constitutional rule. At the same time he hailed the work of the National Electoral Court, which deserved recognition by the cabinet.

Finally, he announced that to insure impartial elections, security and inspection measures will be adopted for the vote count; however, he said that the vote could be altered owing to the characteristics of the Bolivian people, "but it will not be as in the past," he noted.

The Cablegram

Caracas, 7 June--President Luis Herrera Campins will travel to Bolivia and Ecuador to attend the inauguration of constitutionally elected presidents who will succeed the military regimes in those countries. Herrera will be in La Paz on 6 August at the invitation of Gen David Padilla for the transfer of presidential powers to the winner of the July elections. Later, the Venezuelan chief executive will go to the inauguration of Jaime Roldos as the new president of Ecuador on 10 August.

BOLIVIA

ACCESS TO ATLANTIC OCEAN VIA PARAGUAY RIVER STUDIED

La Paz PRESENCIA in Spanish 7 Jun 79 p 12

[Text] In an effort to alleviate Bolivia's dependence caused by its landlocked situation, the Navy Hydrographic Service has engaged the English firm of Livesey and Henderson to make a study of the possibilities of navigation on the Paraguay River and its linkage with the Atlantic Ocean.

The study, according to the official explanation issued yesterday, will be carried out in three stages.

The information was provided by the director general of the Navy Hydrographic Service, Cmdr Francisco Mariaca Salas, on the occasion of the 15th anniversary of the founding of that institution.

The anniversary celebration was held in the new office of the service in La Paz. Present were the first lady of the nation, Marina Goitia de Padilla; the inspector general of the armed forces, Div Gen Hugo Badani Montano; the British ambassador, commanders and officers of the Naval General Staff, the Argentine Naval Mission, the director general of the Merchant Marine, Lt Cmdr Miguel Alvarez, and naval attaches.

The orders of the day of the General Command of the Bolivian Navy and the Navy Hydrographic Service were read. Both orders extended congratulations on the 15th anniversary of the Hydrographic Service.

Mrs Marina Goitia de Padilla presented the colors to the new standard-bearer, Lt Manuel Revollo Herbas, and the escorts, Agripino Romero Medinacelli and Oscar Ayala Orellana.

Citations were awarded to former directors of the institution, Jaime Taborga Torrico, Rear Adm Alberto Albarracin Crespo, Rear Adm Rene Torrez Saavedra, and Cmdr Gildo Angulo Cabrera.

Objectives

The Navy Hydrographic Service has the mission of preparing and printing nautical charts; installing, maintaining, and improving navigational aids systems; conducting technical and economic studies of river, lake, and maritime navigation services; preparing studies on ports and their development; compiling data on river, lake, and marine conditions; supplying geodesic and hydrographic data for use in determining international boundaries; advising government bodies; organizing and development training and formative programs; and signing agreements and contracts with domestic and foreign entities.

Navigational Studies

The director general of the Navy Hydrographic Service said that to develop and exploit the iron deposits of Mutun a study is being made of the possibility of navigation on the Paraguay River. He said the study will govern, to a great extent, the selection and development of a transport system that will guarantee the flow of imports and exports, great quantities of iron ore, and finished products.

Cmdr Francisco Mariaca Salas indicated that a contract has been signed with the English firm of Livesey and Henderson which will be directed by the Armed Forces National Development Corporation (COFADENA) and the Navy Hydrographic Service.

The following projects have been scheduled: a study of the feasibility of river transport on the Paraguay River to provide the country with an outlet to the Atlantic Ocean; selection, location, and design of river ports that would guarantee rapid and safe management of all cargoes, a study of the sizes and types of barges and tugs that will form part of the Bolivian River fleet, and studies on river conditions, morphology, obstacles to navigation, conditioning of the central channel for navigation, and development projects.

9015

CSO: 3010

POLITICAL SUPPORT FOR PTB SEEN ONLY IN RIO GRANDE DO SUL

RIO de Janeiro JORNAL DO BRASIL in Portuguese 9 Jul 79 p 3

[Text] Rio Grande do Sul

Ever since the federal government showed an inclination toward political party reorganization, the leaders of the MDB [Brazilian Democratic Movement] in Rio Grande do Sul, primarily Senator Pedro Simon -- regional president -- and Senator Paulo Brossard -- leader in the Senate -- have been stressing the need for union around the party until the country has been redemocratized.

On a tour, lasting two and half months, of over 150 municipalities, Pedro Simon requested MDB members not to make any "definitive decision" with regard to political parties, until all the members of the opposition, including dismissed officials, found it possible "to sit down together around one single table and to decide on opposition courses."

On his tour, the regional president of MDB also succeeded in having members of the former PTB [Brazilian Labor Party], like former Deputy Pedro Nunes, join the MDB, but, as the return of Leonel Brizola draws near and the abolition of the present parties seems irreversible, politicians are beginning to express their preferences.

Of the 32 MDB deputies in the Legislative Assembly, 10 have already declared themselves publicly in favor of the PTB organized by former Governor Leonel Brizola: Carlos Augusto Souza, Aldo Pinto, Erasmo Chiapetta, Gil Marques, Jose Albrecht, Joao Satta, Marques de Mattos, Algir Lorenzon, Joao Severiano and Julio Vianna. According to the deputy leader of the MDB in the assembly, Deputy Carlos Augusto Souza, seven more state deputies will announce their adherence to the PTB in the next few days.

Four MDB federal deputies from Rio Grande do Sul will join Leonel Brizola's party: Getulio Dias, Magnus Guimaraes, Harri Sauer and Aloysio Paraguassu.

Prospects for the labor party are good in the interior of Rio Grande do Sul. Just yesterday, the president of the Municipal Directorate and nine MDB

councilmen from Sao Borja said that they will join the PTB organized by Leonel Brizola, with the Joao Goulart Association already established as the embryo of the future party. In addition to that, the PTB already has adherence guaranteed by the mayor, the deputy mayor and nine MDB councilmen in Santa Maria, the third largest voter stronghold in Rio Grande do Sul.

Although politicians agree that the PTB will be dominant in Rio Grande do Sul, the party, even led by Leonel Brizola, does not enjoy the sympathy of the most active labor union leaders, like the president of the Banking Establishments Union, in Porto Alegre (13,000 members), Olivio Dutra, and the leader of the Teachers Union (40,000 members), Hermez Zanetti, who are working hard to establish the PT [Workers Party].

Santa Catarina

Some dismissed political leaders, formerly PTB members and then MDB members, are organizing revival of the PTB in this state. Although many make it a point to say that they are not followers of Brizola, they all follow the guidance of Leonel Brizola.

They are the following: Manuel Dias, state deputy dismissed in 1969, after obtaining the third largest number of votes in Santa Catarina; Evilasio Caon, MDB deputy from 1959 to 1969, when he was dismissed; Vanio Faraco, dismissed in 1964, when he was president of the PTB; Genir Destri, also dismissed in 1969, when he was regional president of the MDB, and Francisco Roberto Dall'Igna, former PTB state deputy twice and former lieutenant governor of the state, dismissed in 1965.

Up to now, no politician in public office has publicly expressed interest in joining the PTB, but federal deputies Walmor de Lucca and Pedro Ivo Campos, in addition to Senator Jayson Barreto, are said to have strong leanings toward the future PTB because of the labor traditions or socialist tendencies.

Rio de Janeiro

Most of the former PTB leaders who held office in the former states of Rio de Janeiro and Guanabara, or who, after the dismissals and suspension of political rights, set themselves up in Rio de Janeiro, in 1974, seeking new opportunities in private initiative, have embarked on labor movement headed by Leonel Brizola from exile.

That is true, for example, of former Deputy Doutel de Andrade, with a political-electoral following in Santa Catarina, who emerges in that phase in which various groups are trying to reorganize the PTB as one of the leading chiefs of the movement headed by Brizola, which also lines up former Senator Aarao Steinbruch (author of the law on the 13th wage), former deputies Paiva Muniz, Bocaiuva Cunha and Sergio Magalhaes, Professor Darcy Ribeiro (chief of the Civilian Household of the Presidency in the administration of Joao Goulart) and attorney Waldir Pires (former counselor general of the Republic).

In weight of names, the Brizolist trend, led by Ivete Vargas in the state of Rio de Janeiro, has an advantage, because former Deputy Lysaneas Maciel, with a strong following among the Rio de Janeiro leftists, now identifies with her. Also tied to the group of the former governor of Rio Grande do Sul are state Deputy Jorge Roberto Silveira, son of the Rio de Janeiro labor leader Roberto Silveira who died while governor in a helicopter disaster in Petropolis, and his uncle Badger Silveira, who headed the executive branch in the former state of Rio de Janeiro.

The PTB headed by Ivete Vargas has shown much activity with regard to the work of winning over rank-and-file in the interior. That is explained by the presence of former Deputy Alvaro Fernandes, to whom she turned over leadership of her group in the state of Rio de Janeiro, also making him chairman of the (provisional) Regional Executive Committee of the movement headed by her. Former government leader Roberto Silveira already has, practically, a sufficient number of workers to establish PTB groups in 40 of the 64 municipalities in the state.

Former Deputy Jose Talarico is also in sympathy with the trend of Ivete Vargas. In the meantime, he is undertaking, like Alvaro Fernandes, a task of incorporating the two trends in a struggle for the reactivation of PTB. At present, the great regional division is found in the segment loyal to the memory of former Governor Roberto Silveira. For example, Badger Silveira denies Alvaro Fernandes the right to speak for Roberto's movement. He remarks:

"Only my nephew, who was elected state deputy with over 64,000 votes, of which 50,000 were in the interior, can exploit the message that his father and my brother implanted in the decade of the 1950's. I also warn the workers in Rio de Janeiro not to follow any leadership other than the leadership of Deputy Jorge Roberto Silveira."

Among the politicians in office, only federal Deputy Jose Mauricio has already joined the movement in favor of reorganization of the PTB, by choosing the Brizolist trend.

Sao Paulo

The PTB never was a strong party in this state and up to now no prominent politician, either of ARENA [National Renewal Alliance] or of MDB, has declared himself publicly in favor of a revival of the labor party, in spite of the work done by former Deputy Ivete Vargas. Since she was living in the state, she has already talked with many politicians, like Senator Franco Montoro, Mayor Olavo Setubal and other politicians dismissed by the Revolution, like former federal deputies Mario Covas and Davi Lerer, but none of them has guaranteed that he would join the PTB.

Ivete Vargas says that she has the promise of at least 20 state MDB deputies that they will join the future PTB, in case the present parties are dissolved, but the process repeats itself: publicly, no deputy has pledged himself to the idea.

Leonel Brizola has no organization in Sao Paulo and, according to an opinion poll by the Gallup Institute, ordered by Ivete Vargas, his political past does not stir up much interest in the state, especially among young persons.

Adherence by former Minister Almino Afonso would carry much weight for any one of the PTB movements. However, he is trying to establish a group of his own, by means of a party with socialists, leftist Christians and socialists, but without the leadership of Leonel Brizola and especially without Ivete Vargas.

Minas Gerais

The most optimistic forecasts guarantee that, in Minas Gerais, PTB can count on one senator and four federal deputies in office, all of them now MDB members, in addition to 11 state deputies and several mayors and councilmen.

The senator is said to be Itamar Franco, who would use the party to run for governor of the state by direct election, competing with Senator Tancredo Neves and other candidates, according to one of the most active organizers of the PTB, former federal Deputy Wilson Modesto.

The state deputies are said to be Joao Herculino, Carlos Cota, Fued Dib and Genival Tourinho, who participated in the recent workers meeting in Lisbon, sponsored by the Brizola trend.

Just as in the other states -- with the exception of Rio Grande do Sul -- the PTB has chances only of acting as an auxiliary force of a larger opposition movement.

Sergipe

Only three Sergipe politicians are firmly inclined to join the PTB: state deputies Leopoldo Souza, Guido Azevedo and Jonas Amaral, all MDB members.

The first two do not differentiate between trends, because they merely are concerned with the party. But Jonas Amaral has chosen the ideological group headed by Leonel Brizola.

Goiás

Only one councilman, precisely a member of ARENA, is the major organizer of PTB in the state. He is Euxis Gomes de Moraes, affiliated with the trend of former Deputy Ivete Vargas, whom he regards as "Getulio's political daughter."

The few meetings aiming at a revival of the PTB in Goiás show that the trend of the niece of President Vargas has had, up to now, greater penetration, but the generalized opinion of local politicians is that the

party will not even obtain 5 percent of the state's votes. No prominent Góias politician is thinking in terms of the PTB for the future.

Mato Grosso do Sul

Deputies Jesus Gaeta and Getúlio Gideão, both MDB members, have already chosen the PTB, but they do not accept the leadership either of Leonel Brizola or of Ivete Vargas, because they believe them to be outmoded.

The only politician leaning toward the Brizola trend, in addition to being interested in the PTB, is the obscure figure of João Goulart's former minister of Health, Wilson Padul.

Rio Grande do Norte

The only PTB member trying to reorganize the party is former federal Deputy Erivan Franca, who is trying to reconcile the irreconcilable: Leonel Brizola's national leadership with the regional leadership of former Governor Aloísio Alves.

Aloísio Alves has already leaned toward a party with a liberal, independent tendency, but Erivan Franca is not giving up his choice of the Brizolista trend, because he believes that former Deputy Ivete Vargas "is and always has been a ward heeler."

Other former PTB leaders, like former Deputy Alvaro Mota and Radir Pereira, are not including the PTB in their plans.

Alagoas

The greatest precursor of the PTB in Alagoas is former federal Deputy Ari Pitombo, who has been living in Rio de Janeiro for the last 12 years and who is trying to organize the party in his native state by means of letters. The life of the PTB in Alagoas seems to be short, however, not only because Ari Pitombo is 70 years old in addition to living outside the state, but also because the other trend, Leonel Brizola's trend, has no followers.

Publicly, the only demonstration in favor of this trend in the state has come from federal Deputy Murilo Mendes, who, paradoxically, is a member of ARENA. Murilo Mendes, who has no political past and who was passed over last year in the indirect election for governor of the state, has chosen the Brizola PTB trend more for a personal and regional reason than for an ideological reason.

Piauí

According to the local political leaders, reorganization of the PTB in Piauí is a difficult, almost impossible, task. It is being attempted by former Governor and former federal Deputy Chagas Rodrigues, who follows the lead of Ivete Vargas and is even a member of the party's (provisional) National Committee.

Former PTB members in Piaui are out of politics and even the few who escaped the acts of exception are not attempting to revive the party, because they believe that Brazil's political situation does not include "a plunge into the past."

Only one opposition member, without political and electoral importance, is working to reorganize Brizola's PTB: Councilman Carlos Lobo, an MDB member, who is in his first term in office and who distributes the newspaper O TRABALHISMO.

Espirito Santo

Only one politician in office, in that state, has already decided to join the PTB: federal Deputy Gerson Camata, son of a traditional family of integralistas.

He is not interested in choosing the leadership of Leonel Brizola or of Ivete Vargas, but rather in the magnetism of the party, because it is suited to his populist style, which brought him the largest number of votes in Vitoria, in the last election.

The most important labor movement figure in the state, federal Deputy Argilano Dario, regional president of the MDB, prefers his maximum prestige in the MDB and is not concerned, at present, with future courses.

Bahia

In the recent congress of laborites in Lisbon, arranged by Leonel Brizola, the Bahia representative was federal Deputy Hilderico Oliveira, a member of MDB. He ensures that he will join the PTB in the party reorganization.

Aside from him, the only politician who has decided on the party was former Deputy Celemens Sampaio, a "personal friend of former Deputy Ivete Vargas because of tradition and political stand" and last president of the Regional Directorate of PTB.

Steps aiming at a reorganizations of the party by both ideological trends are still in their beginning stage.

Revival of the Brazilian Labor Party (PTB) is potentially feasible at present only with the important support of politicians in Rio Grande do Sul. In that state, as in most of the others where an attempt is being made to reorganize the party, laborite trends prefer the company of the former governor of Rio Grande do Sul, Leonel Brizola, who, even in exile, has been carrying an advantage over his rival, former Deputy Ivete Vargas.

In many states, like Espirito Santo, those politicians who have already decided in favor of the PTB has not had, up to now, a preference for the former governor of Rio Grande do Sul or for the former deputy, but rather

for the party, capable by itself of attracting votes. There also are examples of politicians who do not accept the leadership either of Leonel Brizola or of Ivete Vargas, because they regard them as outmoded.

It is possible that, with the establishment of party courses by the government, the labor potential will prove to be better, because, at present, many PTB followers prefer the MDB, affiliating with it, in spite of the prospect that it will be dissolved in a few months.

Few Followers in Congress

Brasilia--Up to now, there has been no sign of concern in Congress among the MDB representatives -- and much less among the ARENA representatives -- over the disagreement between the two politicians trying to establish a new PTB, former deputies Leonel Brizola and Ivete Vargas. Primarily because no prominent opposition figure has revealed or shown, up to now, any intention of following either one.

The only prominent MDB member of Congress mentioned as a future member of the Brizola PTB is the president of MDB in Rio Grande do Sul, Senator Pedro Simon, who is abroad and is going to meet with the former governor at the end of this month. Even so, Rio Grande do Sul Deputy Rosa Flores said in Brasilia that instead of lending support to the PTB, the senator should try to convince Brizola to join the MDB, putting off his PTB project.

The other members of Congress who claim to be followers of Brizola's PTB are, almost all, the ones who participated in the workers congress in Lisbon, a few days ago: Getulio Dias (Rio Grande do Sul), Jose Mauricio (Rio de Janeiro), Magnus Guimaraes (Rio Grande do Sul), Genival Tauriano (Minas Gerais), J. G. de Araujo Jorge (Rio de Janeiro), Arnaldo Lafayette (Paraiba) and ARENA member Murilo Mendes (Alagoas).

At present, Brizola's PTB has not even succeeded in winning over at least the strong Rio Grande do Sul PTB. Deputies Alceu Collares, Lidevino Fanton, Joao Gilberto, Jorge Uequed, Odacir Klein, Waldir Walter, Aldo Fagundes, Jairo Brum and others have always avoided any statement of choice. They are all still hopeful that Brizola will finally be convinced that the best course is to struggle together with the MDB for redemocratization.

In spite of that, the Rio Grande do Sul MDB members avoid any criticism of the behavior of the former governor and, in the other states, there are not many who defend his right to struggle for the PTB.

One of them is Senator Marcos Freire (Pernambuco), deputy leader of the MDB. In the recent meeting with Brizola in Lisbon, the Pernambuco senator showed him the advisability of joining the MDB and of forming a workers group, instead of going off toward another opposition party. But he did not fail to admit that he has every right to struggle for his objectives, when he returns to Brazil after receiving amnesty.

With regard to former Deputy Ivete Vargas, no member of Congress has indicated a desire to support her work. In April, the former Sao Paulo representative had contacts, in Brasilia, with former Deputy Chagas Rodrigues (Piaui), and with Deputy Joao Herculino (Minas Gerais). But there was no progress, because the former governor of Piaui has joined the MDB again and the Minas Gerais deputy has participated in and sponsored in his home meetings of the "neomoderate" group that is to follow the leadership of Tancredo Neves, Thales Raulho, Figueirido Correia, Renato Azeredo and others.

Brizola To Live in Rio de Janeiro

Former Governor Leonel Brizola, who will arrive in Brazil in the middle of September, immediately after approval of amnesty, is going to reside in Rio de Janeiro, which will be the political headquarters of the Brazilian Labor Party, according to forecasts made by Deputy Jose Mauricio (MDB, Rio de Janeiro), who participated recently in the Lisbon congress.

In his opinion, the new PTB is not concerned with coming into office at any cost and, therefore, in Rio de Janeiro, there is not the slightest assumption that an agreement will be made with the followers of Chagas. The deputy remarked that the PTB will be a doctrinary party, concerned with changing the structure of society, and is not physiological.

Workers

The first objective of the party is to win support of the workers. With this aim, some of the founders of the PTB, including deputies Magnus Guimaraes (MDB, Rio Grande do Sul) and Getulio Dias (MDB, Rio Grande do Sul), in addition to him, will go, next week, to Santos to participate in meetings with labor union leaders and to discuss with them national problems and the so-called Lisbon document.

Whenever there is this concern over the creation of executive personnel, Deputy Jose Mauricio believes that, in the future, the Joao Goulart Foundation will be established. At present, because the party is still in process of formation, only seminars and trips to states are scheduled after Leonel Brizola's return.

The taking up of residence in Rio de Janeiro by the former governor of Rio Grande do Sul seems fundamental to him, not only because he will be better able to maintain contacts with party members from all over the country. The fact is that a decisive battle will be waged in Rio de Janeiro against the Chagas movement, which has demoralized the opposition struggle. He pointed out that "the watershed between oppositionists and opportunists is going to begin" in Rio de Janeiro.

EDITORIAL COMMENT ON SIGNING, RATIFICATION OF SALT II

Senate and Dignity of United States

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jun 79 p 1

[Editorial: "It Behooves the Senate To Defend the Dignity of the United States"]

[Text] Semiparalyzed or not, Leonid Brezhnev, confiding in the global power of the regime over which he still presides, feels sufficiently strong to defy and provoke the U.S. Senate twice in the course of 1 week and through it the democratic superpower. The Soviet leader threatens to take reprisals if the upper chamber of the United States dares not to ratify the second SALT agreement or to try to amend it or insert reservations to the text, which naturally is sacred because it serves the interests of the Soviet Union. That attitude is nothing new: Moscow has accustomed the world to accepting its method of operation, which includes blackmail as an essential ingredient of the policy of detente.

The SALT text itself displeased a large number of U.S. senators--more than one-third of the members of the upper chamber, which can ratify international treaties signed by the executive only by a two-thirds majority--but the fact that Carter did not react at the time of Brezhnev's threatening warning while still in Vienna has increased the disposition of the senate against ratification of the agreement. For defending the signing, Carter received a kiss from Brezhnev (as the Latin saying goes: Each to his own taste) and swallowed without any reaction the warning by the Soviet leader that "any modification made to the text would jeopardize all of it" and that "if it is not ratified or is ratified with amendments, it will entail serious and even dangerous consequences to the whole framework of relations between the two superpowers." One may ask oneself if the USSR now feels stronger than the United States and is this prepared to provoke its partner with the certainty that the blackmail will go unpunished and without consequences.

However, that does not appear to be the case. Senator Henry Jackson, who belongs to Carter's party and who is the strongest adversary of the treaty, reacted at the time to the extraordinary provocation: "Brezhnev's warning will boomerang against SALT II itself." And he added: "This warning

contains a threat and clearly signifies an implicit reprisal. They are already trying to blackmail us." More important is the fact that Senator Frank Church, chairman of the powerful Senate Foreign Relations Committee and considered one of the senators most "friendly to the Carter administration," has changed his mind about the SALT II agreement in view of the feelings of the senators: "There is a feeling of terrible insecurity." Later he confided to reporters that even the senators who are prepared to vote in favor of the agreement already admit the possibility of "accepting it with reservations or even with amendments."

As a matter of fact, even before the signing of the agreement, two amendments were being drafted. One stipulating that the Soviet Backfire bombers, which the USSR insists on classing as "medium-range," be included in the list of limited weapons, as is the case with the U.S. cruise missile. And another that demands the Soviets destroy their giant SS-18 rockets with the capacity to carry a load of 40 multiple and multidirectional nuclear warheads, that is, 30 above the ceiling stipulated by the agreement, or they will agree to the construction by the United States of nuclear weapons of the same scope. The fact that Senator Edward Kennedy, with his demagogic populism, is the only one who supports the agreement without reservations is a powerful argument against its approval. The amendments, however, can be approved by a simple majority. In the meantime, PRAVDA, the Soviet government organ, has returned to the charge and reported Brezhnev's blackmailing threat even more violently. Therefore, it is expected that in view of the weakness and lack of ability to exercise realpolitik which Carter has demonstrated, the U.S. Senate will assume the role of defending the dignity and vital interests of the United States in Europe.

As for Europe, although it was not consulted, it gives the agreement discreet but reluctant support. The magazine SPIEGEL, on the cover of its penultimate issue, terms SALT II "a big lie." The newspaper DIE WELT, reflecting the Christian Democratic opposition, commenting on the exchange of kisses with which Brezhnev and Carter sealed the agreement, asked: "How much confidence does a U.S. president deserve who shows himself to be uncertain about matters of protocol and submits to Russian habits?" It seems to us that Carter must win the U.S. electorate and not that of Russia, where there is no election worthy of that name. But the European allies will yet submit the U.S. negotiator of SALT II to a highly embarrassing round of questions because this agreement does not even mention the limitation of the Soviet weapons that are pointed at European targets (SS-20 and Backfire bomber) but the Europeans were prohibited from having the cruise missile for their defense.

The remaining hope is that there will not be applied to the U.S. Senate what was said about the Roman State: The senators are good men but the senate is a bad animal.

'Bridge of Peace'

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jun 79 p 10

[Editorial]

[Text] The best epigraph for today's meeting in Vienna, where the SALT II agreement--Strategic Arms Limitation Treaty--will be signed is perhaps the comment by John Kennedy, quoted by James Reston, regarding his meeting with Khrushchev, also in Vienna, in 1961:

"We have a completely different concept of what is right and what is wrong, of what is an internal matter and what is aggression; and especially, where the world is today and where it is going. But we were both in Vienna, I believe, because we knew that one nation was capable of inflicting enormous damage on the other, that war could and should be avoided, whenever possible, because it does not solve any dispute or prove any doctrine."

In the 18 years that have elapsed since then, it cannot be said that the difference of viewpoint between the two most powerful nations on earth, symbols of two ways of life, has narrowed.

David Shieler in the NEW YORK TIMES calls attention to the fact that Russian collectivism is not a simple invention of the Soviet regime. Even before the 1917 revolution, there prevailed in Russia an almost mystical respect for central authority embodied in the paternal figure of the Czar; there already was then a desire for order and unanimity and fear of all the swirl of ideas.

The bureaucratic regime of the present potentates of the Kremlin knew how to take advantage of that climate of conformity, where the word "freedom" does not produce the same resonance that it does in the West; and it knew how to capitalize on the ancestral suffering of the Russian people, offering them the minimal in the way of subsistence. Thus far, the onslaughts of the "dissidents" have scattered on that granitic ballast.

No one can say that the situation of the people in the East is not unsatisfactory. It is, in fact, so unsatisfactory that the West has no reason to renounce its viewpoints or cease to support the movements that could change it.

Meetings such as today's, in the meantime, represent the launching of bridges over seas of misunderstanding; with practical consequences: the Kissingerian detente, David Shieler recalls further, intensified the penetration of Western ideas in the USSR by several degrees, which is the best way to combat the ideological exportation that the East has never given up.

U.S. Diplomatic Triumph

Rio de Janeiro JORNAL DO BRAZIL in Portuguese 19 Jun 79 p 10

[Editorial: "The Framework of Peace"]

[Text] The signing of SALT II marks the U.S. Government's acknowledgement that the Soviet Union has achieved a nuclear power equivalent to that of the United States. From this viewpoint, the Vienna talks mark the fulfillment of Moscow's objective. For Washington, however, more than achieving a goal--it would be of no avail for the U.S. Government to overlook reality--yesterday's signing ceremony marked the starting point of a different stage in relations between the two countries, one in which the United States will attempt to prevent the Soviet Union from utilizing its nuclear power.

The signing of SALT II is a long-cherished triumph for U.S. diplomacy. After the success it achieved in the Egyptian-Israeli talks, this is perhaps the most important action taken by the Carter administration and by the president himself on the international scene. He had great need of this victory since the race for the next election has already started.

The fact that the Soviet Union sought the agreement with equal intensity and enthusiasm may seem surprising at first glance, especially considering the fact that it has recently come to the point of reducing--at least apparently so--its indirect pressure on areas of international tension. In any case, now that it has achieved its desired "ceiling" as a military power, the Soviet Union must now devote closer attention to developing its trade with the West--namely with the United States--and must seek to improve its technology, especially at this moment in which the PRC is focusing its attention on developed countries, toward the West and Japan, which are enthusiastic about this prospect. And, "last but not least," there is something else which would be beneficial to the Soviet Union--that is precisely the reelection of the Democrats, and if possible of Jimmy Carter himself, considering his unwavering optimism, his almost religious faith in negotiations and in the ability to make mutual concessions as the driving force of harmonious relations among nations.

Despite the difficulties which preceded yesterday's ceremony, a general easing of the conflictive tone prevailing between Washington and Moscow could be felt. Everything leads one to believe that the Soviet Union will carry on its recent acts of good will, especially regarding Africa and the Middle East, since after SALT, it is now interested in obtaining the status of most-favored nation from the United States.

Although merely establishing limitations, the agreement was signed. And as the Pope said, "Conscientious men of good faith who believe in peace cannot overlook the significance of anything that may help alleviate tensions."

Benefits of SALT II Doubted

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 79 p 3

[Editorial: "Who Profited From the Signing of SALT II?"]

[Text] The pomp of the Hofburg Palace reflecting the centuries-old splendor of the Holy Roman and Germanic Empires, and the presence of 2,000 journalists from all over the world were not sufficient to provide the atmosphere of an historical event for the Carter-Brezhnev meeting. The signing of SALT II does not stand for disarmament, much less for reconciliation and for the continuation of beginning of a real detente.

The agreement does not represent any personal success for either Carter or Brezhnev. The Soviet chairman, who is afflicted by a mysterious malady and staggers (or stumbles, according to other reports) while carrying on his shoulders the burden of his 72 years, is the chairman of a collegiate body whose average age is 69. This body thus represents an expansionist, intransigent and consistent diplomacy patterned after long autocratic centuries and many totalitarian decades. This fact gives relative superiority to the Russian diplomacy at the Vienna meeting. This explains why Soviet spokesmen gave no answers to U.S. journalists' questions about Brezhnev's physical health, and turned the questions around to ask about Carter's political health. In fact, the U.S. president signed SALT II, which has so deeply divided U.S. public opinion, without having any assurance that it will be ratified by the U.S. Senate. The leader of the opponents of the treaty, Senator Henry Jackson, has compared Carter to Neville Chamberlain, who entered history in 1939 with his famous umbrella and the signing of the Munich Agreement, which amounted to capitulation. This comparison bothered Carter so much that when he landed at the Vienna airport in a downpour, he ordered that the umbrella not be opened, preferring to get soaking wet (was not this figure even less flattering?) rather than conform to the image depicted by Senator Jackson.

SALT II, which should have been the symbol of detente, was signed in an atmosphere of mutual accusations and recriminations no different from those which could be heard the world over during the "cold war" which "sympathizers" thought had been left behind. The parties used a different tone of language, Brezhnev resorting to an accusing and threatening tone, and Carter using carefully and indirectly worded language. But this difference is nothing new in meetings of leaders of the two nations. One has but to recall the dialog between Khrushchev and Kennedy which took place on the same stage in Vienna 17 years ago. On the eve of the signing of this agreement at a dinner given for Carter at the Soviet Embassy, Brezhnev hurled threats "that any attempt to modify the complex structure of the agreement, so laboriously worked out, to fit it closer to selfish and individualistic interests will not be an advisable maneuver. The whole structure could then collapse with serious and even dangerous consequences for our relations and for the situation of the world as a whole. As a counterpoint, Carter's references to intrigue, interference,

coups and wars promoted by the Soviet Union in Africa, the Arab countries, Afghanistan and Indochina were very mild, or to put it better, dull: "Let us discourage the use of foreign force in regions of the world engaged in conflict and to encourage the peaceful agreement of conflicting groups among the nations directly involved."

Although we do not know how the U.S. Senate will react to Brezhnev's message, we have almost complete certainty that Carter's indirect recommendations without the accompanying threats of sanctions and retaliations will in no way sway future Soviet conduct on the international stage. If the U.S. Senate does not ratify the agreement, the Russians will seize on that refusal as a pretext to continue their expansionism. If the U.S. Senate ratifies it, the Russians will still continue their expansionist policy under the pretext they have always used and which Brezhnev impudently reiterated in Vienna: The nuclear agreement cannot be tied to questions of human rights and the Soviet Union's hallowed mission of promoting its ideology and assisting the wars of national liberation, which represent the class struggle carried out at the international level for the sake of "humanity" and its "progress."

We have already refused more than once to engage in juggling figures regarding rockets of various types, nuclear missiles and atomic firepower at the command of either side. The main point is that as Deng Xiaoping appropriately said, this agreement does not halt the arms race. As attested by the NEW YORK TIMES correspondent in Moscow, the Russians themselves affirm that "the agreement is not a cure-all to end the arms race." We can appropriately ask at this point, just what is the objective of a disarmament treaty? The U.S. Government is already expending colossal sums of money to convince U.S. citizens of the advantages and need for this treaty. Carter personally feels that his leadership and especially his reelection are riding on the approval of the treaty by the U.S. Senate, a treaty which would recommend itself if it were as good as it is said to be. Furthermore, we do not believe that an agreement on such an over-riding question could be judged in terms of the reelection of such a mediocre president.

Carter Has Not Learned

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jun 79 p 3

[Editorial: "The Lesson Carter Did Not Want To Learn"]

[Text] We await with great pessimism the possible results of the meeting between President Carter and Chairman Brezhnev that is to begin today in Vienna in the opulent chambers of Hofburg, the palace of the Hapsburgs, the emperors of Austria and kings of Hungary. We recall the meeting between John Kennedy and Nikita Khrushchev at the same site when the young and at that time still inexperienced U.S. president, who nevertheless had a greater cultural and diplomatic background than the present one, was humiliated by his Russian adversary, who gave him some well merited lessons

in realpolitik. At that meeting, held after the disastrous U.S. action in the Bay of Pigs (1961)--according to Kennedy's account to journalist James Reston--Khrushchev believed that an American president who undertook to invade Cuba without adequate preparation was not only an inexperienced statesman but also weak for not using force to make the invasion succeed. Kennedy drew the proper conclusions from the humiliating lesson given in a paternalistic and sarcastic tone: "But now," declared Kennedy, "we are faced with a problem. We have to prove to the Russians that we have the will and the strength to defend our interests."

Khrushchev, in turn, also reached his own conclusions: If Kennedy had not demonstrated his inexperience and weakness in the case of the Bay of Pigs, Stalin's successor would never have dared to provoke the missile crisis in Cuba (1962). In the latter case, taking advantage of the still existing U.S. superiority in nuclear weapons, Kennedy imposed on the Russians the withdrawal of the atomic weapons from the Caribbean island. Traditionally, the United States won the war but lost the peace: Kennedy guaranteed the Castro regime and even its impunity; today, regular Cuban troops traverse the borders of African countries as Russian proxies, imposing on them governments subservient to Moscow.

The year 1962 was decisive because the Soviet Union initiated an unbridled arms race for strategic superweapons; it sought to achieve nuclear superiority but quantitatively and qualitatively, on the one hand, and through the SALT diplomatic negotiations, to prevent the modernization of the U.S. atomic arsenal, on the other. Thanks to that policy, the Soviet Union is in the position--according to the warning of the trustworthy Kissinger--of being able "to try to subvert the geopolitical balance on a world scale." Now, Carter has obstinately decided to sign SALT II. Frankly, we do not understand how he and the members of his administration--including Zbigniew Brzezinski, who fought so hard against Kissinger's nuclear policy favorable to the Russians--can now believe that the Soviets, who have achieved numerical superiority in the area of atomic weapons, are prepared in this second agreement to eliminate their rockets, at least 200 of them and more powerful than the American ones. Carter maintains that viewpoint notwithstanding the formal warning given him by five members of the Joint Chiefs of Staff of the U.S. Armed Forces, who in a confidential letter dated 12 March, declared that they did not consider the SALT II treaty "to be in the best interests of the United States." He does not heed the lesson learned by Kennedy; he does not even show the will or strength to defend U.S. interests. He was not capable of reacting nor is he prepared to do so in the face of Russian expansionism in Africa, Afghanistan, Yemen, etc.

The only thing he did to strengthen the U.S. position was the authorization--after the cancellation of the B-1 bomber program and of the neutron bomb--of construction of the MX rocket (Multiple Warhead and Multidirectional Mobile Intercontinental Missile). One may ask at this point: if Carter feels authorized to improve the strategic superweapons system despite the

agreement, what will the Russians do? According to the information conveyed in a lucid article by William Safire, published in our edition today, Brezhnev is preparing another trap for Carter in Vienna. In the agenda of negotiations on the MBFR (Mutual and Balanced Force Reduction in Central Europe), which is already being termed sarcastically by American wags as Much Better for Russia (MBFR), very cleverly taking advantage of a proposal made by the United States when it still had qualitative superiority in nuclear weapons, the Russians will offer Carter the withdrawal of conventional forces from Central Europe if the Americans reduce their missile force stored in Europe.

The objective is clear, to transform Europe into an easy prize for Soviet military superiority. William Safire concludes: "Brezhnev has all the initiative and Carter does not even have an established policy on the subject." In view of those prospects, one can understand our pessimism with regard to the results of the Vienna meeting.

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INTERVIEW WITH CENTRAL BANK PRESIDENT CARLOS BRANDAO

Rio de Janeiro O GLOBO in Portuguese 25 Jun 79 p 16

[Interview with Carlos Brandao by O GLOBO on free-exchange market, bank reform and inflation control, in Brasilia; date not given]

[Text] Brasilia--The existence of a free-exchange market, implementation of bank reform and inflation control were the three factors which Central Bank President Carlos Brandao considered basic to the existence of an international financial center in Rio de Janeiro.

Brandao, who carried out the first studies on the implementation of a financial center, believes that this initiative would project Brazil into the world financial market and would have the result of bringing foreign investments into the country.

O GLOBO: You began studies on a financial center a long time ago. How would the center function? What might it represent for the country and for Rio?

Brandao: The financial center has already been in existence in our country for about 8 years. And Rio de Janeiro, a domestic financial center in which all operations of the financial market are centralized, exchanges interbank reserves; in short, there is already a center. It was established--this did not emerge from nothing--as a result of large-scale negotiations in the money market aimed at centralizing control over the flow of money. It is somewhat like the country's financial heart where money is recycled for the entire economy. Rio de Janeiro is the center for the economy's money transactions.

An international financial center was considered in the past, but at that time, we did not yet have a financial center in our country. Our financial institutions had not yet begun to learn to work as a market. We are now feeling our way along in this respect, but we have a long way to go. Nevertheless, we have made great progress compared with that period in the past.

The establishment of a financial center now involves more or less the following: ratification of a law which will reformulate the monetary

authorities; this is basic to the existence of such a center. The Central Bank of Brazil will be able to maintain effective control over a financial center only if it simplifies its current structure considerably. In the opinion of the Central Bank, it is important that, in the case of a financial center receiving deposits from nonresidents, the country's exchange characteristics be improved.

Only with a central bank of the conventional type and improvement of the domestic financial market shall we be able to implement a financial center. From a financial standpoint, Rio de Janeiro is very well located.

O GLOBO: What would be the relationship of our national market with the institutions of the international center?

Brandao: What is important is the knowhow. It is not possible to contemplate the establishment of a financial center if the entire knowhow must be imported. International organizations will work with brokers and these will be national.

O GLOBO: How could that center be set up? How would it operate?

Brandao: Nowadays, an international financial center in any country is a depository for nonresidents, a place for the transaction of installment deposits among financial institutions. I receive funds from a financial institution repayable over a period of 3 months or 6 months at a preestablished interest rate; and all the work involved in transferring the time-deposit funds between financial institutions--which is the way most of the world's financial matters are handled--is done by brokers.

We shall need a certain amount of time--and our brokers already have a good share of knowhow--for our brokers to train people, to make changes to serve as a connecting link between large international banks and to conduct an offshore operation benefiting Rio de Janeiro.

O GLOBO: What benefit will a financial center bring to the city?

Brandao: Naturally, a financial center in Rio would have to have large banks, those of great international trust with agencies working only on behalf of a market for the deposits of nonresidents. They would not operate in the domestic market or compete with our domestic banks. With the arrival of those banks, the bankers of the countries of origin would become better acquainted with our Brazilian reality. If the financial center developed to the point of becoming important, the result would be to project Brazil into the international financial world. A longer-term step would be that of having our currency become a part of the privileged few having convertible currency. This could happen if we had a stable currency, a conventional central bank which is operable and freedom of exchange. When our country goes forward as a great power, we shall arrive at this point.

O GLOBO: What do you mean by freedom of exchange?

Brandao: There would be free exchange. There would be no monopoly by the Central Bank as at present. In any large country this works. This combination of factors would be of extraordinary benefit to our country, including that of facilitating or stimulating the arrival of investors for other purposes, for the banker who centralizes activities in his own country always brings influential businessmen with him. Despite all its difficulties, Brazil now offers the best choices in the world from the standpoint of investments. A large investor, having an offshore bank here, would find it much easier to finance a project in Brazil.

O GLOBO: What is the difference between the Rio-dollar and an international financial center?

Brandao: There is no difference. The Rio-dollar is just as you have the Euromarket, the Eurodollar. It is like the U.S. dollar deposited by non-residents outside the United States in installments. It would be the mark, the yen--they call everything "dollar"--deposited by a nonresident in installments who is not able to reside in our country, in Rio de Janeiro. It would be banks operating exclusively with this type of deposit, that is, a financial center.

As there is a mass of more than \$800 billion on term deposit outside the United States, it is probable that a large portion of that sum has found its way to Rio de Janeiro in view of the characteristics of that money and of the city. This would launch Brazil in an extraordinary manner.

There is also the aspect of the time zone which would also benefit Rio as well as problems of location and communication.

O GLOBO: Could a Brazilian firm in need of a loan use the financial center through a broker?

Brandao: In no way. In the case of a loan to be used in Brazil, the process would be the same as that currently used in making a loan in London or any other center.

O GLOBO: Would there be facilities in terms of contact?

Brandao: No, not to any great extent, for large world banks now have their representatives in Brazil. One does not have to leave Brazil to obtain a large loan. Naturally, if one wants to make a loan at the government level with the participation of several banks, one must go to a financial center. If the center were in Rio, such a syndicate could be arranged.

The mechanics of depositing money for safekeeping is not changed and there is no risk of depletion of foreign funds within the country.

O GLOBO: What about the charge that this would provide a formula for foreign banks to increase their activity in our country?

Brandao: That is not true. Any offshore financial center can perform transactions only with nonresidents. None of the services provided by domestic banks can be extended to foreign banks.

CEF Will Lose Demand Deposits

It is said that the bank reform elaborated by Central Bank President Carlos Brandao will, in fact, take demand deposits away from the Federal Savings Bank [CEF].

Brandao said that nowhere in the world do savings banks handle that type of deposit and it was in our national interest, in keeping with our financial system, to control methods of payments and combat inflation. He asserts that the CEF is not a commercial bank and, therefore, cannot handle demand deposits.

CEF President Gil Macieira does not accept those arguments. Before the interview with the Central Bank president, he was alleged to have said that he will fight to keep those deposits within the CEF. He qualifies the CEF as a nonprofit social bank whose aim is to assist low-income classes without competing with ordinary banks. He says that there are even sufficient arguments to justify keeping demand deposits: "The Central Bank president has only one vote in the Monetary Council," he stated.

The philosophy which Brandao reveals in the following deposition is completely different. He wants a conventional financial system in which the Central Bank would be concerned with monetary policy acting in conjunction with commercial banks and with the financial market in general, while a superintendency--to be established--would control the organizations. The Bank of Brazil is to have development functions incorporating all development programs now handled by the Central Bank. Brandao wants a simpler system with which it will be easier to control the methods of payment, which he finds difficult with the current arrangement.

"On behalf of the national interest," he says that savings banks and official state organizations in the financial area should lose a little in order to improve the system and make the fight against inflation more effective--the government's main goal.

As for the budget, he does not even want to change it. He believes that agriculture is in priority position with other sectors receiving fewer funds, inasmuch as the country is administering meager resources. Along this line, he asserts that we must put an end to our nonfulfillment of the budget forecasts as is happening every year.

O GLOBO: What are the highlights of the bank reform?

Brandao: The directives of the current government's Ministry of Finance are aimed at updating Law No 4595. The minister charged me with carrying

out studies to this effect. This was when he was still president of the Bank of Brazil in 1978. I drafted the law. The work now being done is that of updating that bill, giving it a definite composition so that the minister of finance may evaluate it and arrange to have it sent to congress in accordance with the decision of the president of the republic, to be sure.

This bill, per se, has the following major objective: to revamp the powers of the two monetary authorities, that is, the Central Bank and the Bank of Brazil. The Bank Reform Law was passed at a time when the country had only commercial banks, practically speaking. At that time, almost all financial resources were in the form of demand deposits and paper money in circulation. The financial system was much less complex. With further developments in the way of reform and the Capital Market Law of 1966, the situation changed. Our financial system is now quite sophisticated. With regard to financial resources, about 70 percent are represented by savings over the medium and long term and only 30 percent by demand deposits plus paper currency in circulation, that is payment means (M1).

With this change, monetary control developed into a rather difficult task through the complexity of items which affect the monetary balance, whether through the action of the Central Bank which is also a development bank, or through the other relevant monetary authority--the Bank of Brazil--through all its operations.

That complexity of monetary control is reflected in the budget itself, which is ratified every year. And the truth is that due to the sophistication of the financial system in recent years and the complexity it reached it was not possible to achieve the original goal of the budget in any of these years; this shows that a revamping is really necessary in order to achieve better and more effective monetary control through the Central Bank for the orderly development of our economy.

The law, per se, is aimed at transforming the Central Bank into a central bank of conventional type; relieving it of development activities, which are not typical activities of a central bank; relieving it of its control function, which does not need to remain in the Central Bank; transferring the development function to the Bank of Brazil; establishing a superintendency, if the bill is passed, for the control of financial institutions in general; unifying the financial control of the entire domestic financial system and the capital market; and turning development operations over to the Bank of Brazil, for the Central Bank now has the Bank of Brazil as its banker. All operations carried out by the Central Bank involve Bank of Brazil accounts. There is nothing more natural that for those development operations to remain there, for they are carried out via the Bank of Brazil.

Basically, the bill is drawn up along that line. Law No 4593 will be changed in the part referring to the monetary authorities. We hope to submit the bill to the minister of finance within the next few days for his decision.

O GLOBO: What is a conventional central bank? What activity would it have, speaking more precisely?

Brandao: It can be summarized in a simple manner: a central bank exists as an adjunct to commercial banks. In reference to the legal aspect, the action of a conventional central bank is to exercise control over the demand deposits of commercial banks; offer cash-flow assistance to those banks and to the operations of the open market, buying and selling treasury bills; and directly participating in commercial bank accounts. Consequently, a conventional central bank lives and exists as a function of commercial banks, which are institutions capable of creating or multiplying currency. And the function of a conventional central bank is to control currency and credit through legal means, cash-flow assistance and open-market operations. Therefore, monetary control will be greatly simplified.

The institution's activity will have that major objective--for currency is a raw material of maximum importance in a market economy and its control is a basic requirement for orderly development.

O GLOBO: There is talk of restrictions to the operation of the CEF. How will the savings banks come out as a result of the reform?

Brandao: Information about that bill was leaked by certain sectors of the press saying that there will be restrictions to the CEF. There are no thoughts of restrictions to anyone. So much so that, as president of the Central Bank, I shall be offering the finance minister a bill in which the Central Bank will accept a series of extensive powers. We believe that the national interest takes precedence over all else. Everyone would like to have more than 100 billion cruzeiros for development, as does the Central Bank. I am proposing to make this available. The Central Bank is the country's largest development bank at present. In the national interest--for I believe that the national interest is above the interest of the president of the Central Bank--the Central Bank's administration is making funds and programs available amounting to more than 150 billion cruzeiros.

The Central Bank is examining, giving letters patent to all financial institutions and making liquidations--also a form of power. And we are doing this in the national interest.

The CEF limitation will result from the fact that this organization is not a commercial bank. When it receives demand deposits, it will be in position to create and multiply currency, which is a typical function of a commercial bank. Thus, to improve control of the country's currency, it is proposed that the country permit functions which are not typical and that other government institutions--keeping the national interest in mind--pattern their activities in accordance.

Losing demand deposits, the savings bank loses nothing, for demand deposits as a total liability are a mere trifle. But the system must be revamped. This is the objective of the bill.

There must be a certain amount of sacrifice by official financial organizations--both federal and state--in the interest of harmony in the national financial system.

The Central Bank is relinquishing much more than any of those institutions. The Central Bank is relinquishing powers which, if enumerated, would make a long list. And this is all to the benefit of the national interest. I know that if an inquiry were made within the bank itself, there would be total opposition, for no one likes to lose power. But the Central Bank is an instrument of government action and not an instrument for use by its president and his employees

It is with thoughts about the future of the Brazilian economy, in Brazil's interest, about the financial system and control of its currency and credit that we are proposing measures which are not palatable to anyone who wishes to hold on to power. I am a sojourner in the Central Bank's presidency and I have the courage to propose what must be done in the conviction that I am dealing with the country's highest interest.

O GLOBO: The savings bank is not accepting that type of measure. The president himself voiced his opposition to it. He believes that the savings bank is a social bank and needs deposits to take care of the social aspect of its operations. What is your opinion?

Brandao: We must begin with the premise that everyone must make sacrifices in the national interest. Control of currency and credit is in the highest national interest. And I maintain that each of us must make sacrifices in order for the country's social progress to go forward in an orderly manner.

In the Central Bank's current situation, monetary control is almost impossible and the expansion in payment funds bring more than what I would like, inflation is not reduced.

8568

CSO: 3001

MORE TRADE SOUGHT WITH EASTERN EUROPE, ASIA, AFRICA, OCEANIA

Rio de Janeiro O GLOBO in Portuguese 25 Jun 79 p 17

[Text] Brasilia--One of Itamaraty's principal tasks in President Figueiredo's administration will be to bring Brazilian exports to the Eastern European Bloc countries to the levels which had been achieved during the 3-year period 1974-1976, when that area had reached fourth place in the market for Brazilian products, coming right after the EEC, the United States and LAFTA.

Meanwhile, this challenge is becoming almost impossible to meet in view of the drastic decline in Brazilian sales to Eastern Europe, which reached a low point during recent months.

According to a recent study made by the Coordinating Group for Trade With the Socialist Countries of Eastern Europe (COLESTE) and coordinated by diplomat Rubens Barbosa, Itamaraty has already completed the phase of identification of causes and is now carrying out strategy aimed at restimulating bilateral trade.

The arrival tomorrow of a mission composed of 11 Polish leaders headed by Jerzy Olazewski, minister of foreign trade and maritime economy, is beginning to give meaning to the attempts to stimulate trade with Europe's socialist countries. Although it is the third mission from that area to visit Brazil during the current government--there were previous visits of delegations from Hungary and the GDR--the fact remains that Poland is Brazil's largest current trade partner in the Eastern European bloc, even surpassing the Soviet Union.

The Golden Phase

The splendor of Brazil's trade with the socialist world, one of the most authentic results of the policy of "responsible pragmatism" initiated by the Geisel administration, occurred during the 1974-1976 period when the development of Brazilian exports to Eastern Europe experienced an average annual increase of 56 percent compared with 13 percent of the country's total exports. This was surely the largest cash contribution toward Brazil's

trade balance in the decade of the 1970's. Eastern Europe's participation in Brazilian trade during the 1974-1976 period doubled, going from 3 to 6 percent.

According to a recent report made by COLESTE, by the following 3-year period (1976-1978) there was a marked decline in the trade levels. The year 1977 saw the first drop since 1970 (5 percent), an event which was to recur and become worse--particularly in 1978--with a drastic reduction of 23 percent in trade value. With this, Eastern Europe's participation in Brazilian trade again declined, becoming only 3.7 percent.

This retraction becomes still more significant when we consider that, last year, Brazil increased its trade with all other economic blocs except LAFTA, with which its trade remained stable.

In absolute values, the total trade (exports and FOB exports) increased from \$617 million in 1974 to the record figure of \$1,349 million in 1976 and then declined substantially during the following 2-year period: \$1,275 million in 1977 and only \$978 million in 1978.

According to COLESTE's analysis, the principal cause can be attributed to a reduction in exports to that area which, in turn, stems from the chronic deficit experienced by the Eastern European countries.

With particular reference to Brazilian exports to Europe's socialist bloc, those exports had tripled between 1970 and 1974 and more than doubled between 1974 and 1976; however, they had experienced a sharp decline during the 2-year period 1977-1978. In absolute values, exports increased from \$451 million in 1974 to the record level of \$1,099 million in 1976 and then dropped sharply to only \$787 million in 1978.

Imbalance

In that phase of decline Brazilian exports experienced a drop of 15 percent (1976-1978). In that period Brazil's total exports increased 12 percent, but Eastern Europe's participation was reduced to the same levels as those of 1973-1974, that is, compared with 11 percent in 1976.

According to COLESTE's analysis, "this drop, surely connected with the structure of the bilateral trade balance--which is accumulating increasing surpluses for Brazil--appears to reflect the intention of the country of that area to diminish the trade imbalance by reducing their purchases." And Brazilian imports from Eastern Europe dropped in relation to exports.

In this manner, it was not only Brazilian exports to Eastern Europe which suffered a decline; Brazilian imports also showed a marked decrease in 1978 totaling only \$191 million, that is, a decrease of about 24 percent compared with the previous year. In view of this, Eastern Europe's participation in Brazilian imports was reduced to the 1974 level.

Currently, Eastern Europe ranks eighth among Brazil's suppliers being preceded by OPEC, the United States, the EEC, LAFTA, Japan, AELC and Canada, a rather modest position if compared with its significance in the buyer's market.

According to information recently released by the UN Economic Commission, Eastern Europe increased its trade deficit with the Western countries in 1978.

The analysis made by COLESTE discloses that the Soviet Union had the largest imbalance, accounting for 41 percent of the accumulated deficit during the period 1974-1978; then came Yugoslavia with 14.8 percent; Poland with 14.7 percent; and Hungary with 9.5 percent. Those four countries alone were responsible for four-fifths of the total deficit chalked up during that period.

Although Itamaraty is now more realistic concerning trade with Eastern Europe, no longer expecting that it will be easy to return to the previous trade levels, the fact remains that Brazilian economic leaders do not go along with the idea of having Brazil continue to lose such sizable chunks of a market which is fundamental to the balance of trade and necessary to compensate for income lost through oil.

Naturally, the best bargaining instrument is to have Brazilian importers give preference to Eastern products not limiting the bulk of the purchases to demand made by state firms.

Moreover, Brazilian diplomacy is patiently working on the elaboration of measures aimed at implementing the so-called "trade deals" already signed with the FRG, Poland, Bulgaria and Hungary, which foresee bilateral trade in the amount of \$2 billion over a period of 3 years. The export of automobiles is included in those deals as one of the principal means of regaining the former export levels.

Asia, Africa and Oceania--New Goals

The countries of East Africa, Southeast Asia and Oceania comprise the new market areas toward which the initial efforts of Brazilian commercial diplomacy should be directed during President Figueiredo's administration, according to information issued yesterday by an authoritative source of Itamaraty.

This escalation is a part of the continuation of a policy of trade promotion characterized by a constant opening of new markets--without abandoning positions already achieved, including the most conventional--in which Itamaraty is undertaking a pioneer task and the preparation of conditions whereby initial business ventures will be subsequently launched.

According to information given by Itamaraty's Department of Trade Promotion, this effort began with the opening of opportunities for Brazilian exports in industrialized countries--our oldest partners--and then directed its attention to Latin America, West Africa, the Near East and, now, East Africa, Southeast Asia and Oceania.

Without prejudice toward possible achievements made by more daring businessmen, Itamaraty has been taking action for some years--in keeping with the need to strengthen the Brazilian export model set up as early as 1968--to find fertile fields for the sale of Brazilian products, thus advancing in the implementation of an ambitious policy of market diversification.

The members of Itamaraty's Department of Trade Promotion are rather proud to be able to say that current Brazilian diplomacy is altering a historical trend. Formerly, business people arrived before diplomats. At present, diplomats serve as pioneers in places which are so distant and unexpected that, at times, it is necessary even to show the Brazilian exporters their location on the map.

"Who, for example, ever heard of Ndola?" a member of Itamaraty's Department of Trade Promotion stated. Meanwhile, the Ministry of Foreign Affairs recently held an exposition of Brazilian products in an agricultural and cattle-raising fair in this city in the interior of Zambia, a country of Central Africa without access to the sea but one of the world's main producers of copper--a product on which the Brazilian market depends to a large extent.

Without Embassies

Even without the existence of resident embassies, familiarization of those markets with Brazilian products begins with a simple exposition, which is followed by repeated exhibitions and fairs, and by the promotion of trips arranged by business groups--in both directions--the installation of offices and, when business is well-established and there is sufficient political interest, by a permanent diplomatic mission.

It is interesting to note that a short time ago the news of the establishment of diplomatic relations and the installation of embassies in all the Southeast Asian countries caused a certain amount of irritation in diplomatic circles.

"Some basis for truth existed," an Itamaraty employee allegedly stated recently. And in that "basis" we find the advance preparations made by Brazilian commercial diplomacy in areas which are not in the least conventional; however, this does not mean that it is necessary to establish diplomatic posts right at the beginning.

According to certain officials, Itamaraty's strategy is limited in scope. A scarcity of properly trained people and of financial resources makes it necessary for Itamaraty to withdraw its tactical and technical support gradually as soon as the business people are able to know and control the new markets by themselves. More recently, Itamaraty even asked for assistance in covering the expenses involved in exhibitions in conventional markets, thus transferring to the exporters some of the cost involved in promoting their products. In this manner, Itamaraty economizes and makes funds available for markets which are less frequented by Brazilian business people but which indicate promising opportunities.

In the stepped-up activity being prepared by Itamaraty the following new markets, among others, are worthy of mention: Kenya, Zambia, Mozambique, Tanzania and Zaire--in Africa; Pakistan, India, Bangladesh, Burma, Thailand, Cambodia, Malaysia, Indonesia, the Philippines, the People's Republic of China, Hong Kong, South Korea and North Korea--in Asia; and Australia and New Zealand--in Oceania.

According to the Itamaraty, the need to diversify is not confined to the markets alone but also applies to the products and the export firms. Meanwhile, the central objective is to continue to expand Brazilian sales of manufactured goods, transportation materiel, machinery, equipment and staples.

A recent study made by the Itamaraty points out that Asia and Oceania are two areas of the world which are most lacking in intensive Brazilian trade promotion. In this connection, exhibitions of Brazilian products are already being prepared in Hong Kong, India, Japan and Australia.

Brazil is also planning a series of expositions, exhibitions and shows in Africa, among which are the following: Kenya, Mozambique and Zaire. In those places, according to the Itamaraty, it will be possible to invite importers from neighboring areas to visit the diversified displays in the Brazilian stands.

"In short," a publication of Itamaraty's Department of Trade Promotion comments, "without disregarding the advisability of using exhibitions in conventional markets, whenever possible, to hold on to former customers and try to introduce new products, the program of shows and expositions gives priority to the markets of developing countries where, through extensive pavilions and more comprehensive displays especially in the capital-goods industry or in that of services, it will be possible for Brazil to confirm or strengthen its reputation as a country which has much to offer for the economic progress of those countries.

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CSO: 3001

WHEAT PRODUCTION TO SHOW INCREASE IN 1979

Rio de Janeiro O GLOBO in Portuguese 27 Jun 79 p 29

[Text] Among the products which are a part of the basic diet of the Brazilian people, wheat is the only one whose production will show a substantial rise in 1979 over that of the previous year: 45.3 percent. Other products will increase less than in 1978, such as the Irish potato (2.07 percent this year compared with 6.27 percent in 1978), or else insufficient increase to compensate for the drop in last year's harvest, according to the latest research carried out on agricultural production by IBGE [Brazilian Institute of Geography and Statistics].

For example, that is the case with the rice crop, which will increase only 7.74 percent this year in comparison with 1978, when there was a drop of 18.95 percent compared with 1977. Bean production will increase 3.83 percent this year compared with a reduction of 4.11 percent last year.

The same will occur in the case of the corn crop--a product also used as a staple--which will increase 26.84 percent this year without, however, compensating for the drop of 29.68 percent in 1978.

Erroneous Forecast

The last survey of agricultural production made by the IBGE in May discloses that previous production estimates of the two principal products of the diet of the Brazilian people were exaggerated. For the rice crop that survey indicated a decrease in production of 4.54 percent in comparison with the April estimate. With regard to the first bean crop, the difference between the last and next-to-last surveys was a drop of 5.01 percent.

Thus, the last survey forecasts rice and bean crops (first harvest) of 7,802,000 and 1,148,000 tons respectively compared with 8,173,000 and 1,209,000 tons in April. Last year, the rice and bean crops (first harvest) were 7,241,000 and 1,162,000 tons.

Export Crops

The development experienced in crops of products with more weight in the list of Brazilian exports is also not very favorable. For example, soy beans will have a production this year which is 11.45 percent greater than that of last year, whereas it was 23.8 percent less than in 1977.

The increase in the coffee crop (in bean form) in 1979 will be substantially less (2.94 percent) than the increase chalked up in 1978 (28 percent).

The sugar-cane crop will increase only 5.04 percent this year, whereas in 1978 it increased 7.53 percent.

Meanwhile, the worst performance among those products is that of cocoa, whose crop this year will be 1.82 percent less than that of 1978, which had shown an increase of 13.87 percent over that of 1977.

Principal Agricultural Products (in 1,000 tons)

	1979*	1978	1977
Rice	7,802	7,241	8,935
Irish potatoe	2,056	2,014	1,895
Cocoa	279	284	247
Coffee bean	2,523	2,451	1,915
Sugar cane	135,741	129,222	120,170
Beans	2,271	2,187	2,281
Corn	17,165	13,533	19,246
Soy bean	10,626	9,534	12,512
Wheat	3,889	2,677	2,065

Forecast made by the IBGE

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JUSTICE MINISTER, OTHERS ANALYZE THE M-19

Bogota CROMOS in Spanish 13 Jun 79 pp 12-17

[Interview with Hugo Escobar Sierra, Colombian minister of justice; Fabio Lozano Simonelli, former Liberal Party senator; Alvaro Bernal Segura, ANAPO deputy; and Marcelo Torres, MOIR leader, by Claudine de Emiliani: "The Minister of Justice Assays the M-19;" date and place not given]

[Text] In its military criminal courts the national government will in the next few days try individuals possibly connected with the M-19 movement for alleged crimes of assassination, kidnapping, and other acts considered subversive. The courts will convict or absolve these citizens.

Even before that happens we have obtained a verdict. It is not a military but a civilian opinion. It is not aimed at the trade unions but rather at the movement itself. Hugo Escobar Sierra, Colombian minister of justice, has passed judgment on the M-19. It is an exceptional document. It is an official opinion which, in the context of this democratic poll, coincides with those of three well-known politicians who also responded to the question: What are the reasons for the upsurge of these groups in Colombia. Their names are Fabio Lozano Simonelli, former Liberal Party senator; Alvaro Bernal Segura, parliamentarian of ANAPO [National Popular Alliance]; and Marcelo Torres, leader of the MOIR [Independent Workers Revolutionary Movement]. Let the reader pass judgment on their arguments.

[Question] Mr minister, what are the reasons for these violent groups of the left and for the actions which they carried out recently?

[Answer--Hugo Escobar Sierra] They are political movements that want to change the system. This manifestation alone indicates that they do not

believe in democracy, that they think that there are other systems, other procedures of government which are more appropriate for the Colombian people. That is their central motivation. In most cases young people are involved. They are at the age when we all dream, when we are all revolutionaries, when we all, as they say over there, talk in verse. All the same, it is very easy then to reach a certain intense degree of political mysticism.

They are unfamiliar with our institutions, our constitutional and legal procedures, with our entire legal order. With this obvious lack of knowledge of authority and even though they have a political motivation, they are slowly and noticeably becoming involved in common crime.

These groups are creating a general state of alarm in some circles, but they are not in a position to topple the entire structure of government. They will not achieve power by this means. This will not happen in Colombia.

[Question] What would be the solution to these manifestations of the subversive groups?

[Answer] One cannot ask a government to provide solutions outside of the Constitution and the laws. The government has to work with a certain degree of serene energy in order to preserve and defend the institutions. The government cannot give ground before subversion. It cannot be weak nor can it surrender because that would be the end of democracy and the country. Just as this aspect of the defense of the state that some call repression is a strictly institutional, legal matter, I would also say that it is of a moral or ethical order. We have stated--and we repeat it now--that the democratic opposition has here all the necessary freedoms to act, but it does not have license for subversion because this would be tantamount to undermining our legal order, placing itself under the scope of criminal law, and that is where the government must act in order to impose its sanctions.

[Question] As a direct aide of a democratic government, how do you view the fact that persons arrested on various charges of subversion should be tried by military criminal courts rather than civilian courts?

[Answer] You talk as if only now and under this government were military criminal courts to be involved in such cases. This is not so. It has been like this under all governments, absolutely under all of them whenever there have been situations disrupting the public order mandating the declaration of a state of siege in the entire republic. Accordingly not just today but also yesterday and the day before yesterday and for the past 20 or 30 years, military criminal courts have tried such cases. They have heard cases of kidnapping, rebellion, actions against state security, extortion, blackmail, naturally murders and assassinations committed in conjunction with or as a consequence of kidnappings, and so on.

The ideal thing would be for military criminal courts to try only crimes committed by military or civilian personnel in the service of the armed

forces. That is the theory. But it so happens that for us to reach such a stage constitutional reform would be necessary. For under the existing Constitution military criminal jurisdiction is provided for.

The procedures of the Military Penal Code are similar to ordinary procedures. The only difference is that the former provide for military trials with oral procedures whereas ordinary courts do not. And in other cases, public hearings are provided such as in that of Mr Carreno where it took 10 years to adjudicate the case. In contrast, in military criminal courts, like as not, cases are decided in 30 days. It seems to me that to the extent that more rapid action is taken to eliminate such serious disruptions of the public order involving people who out of a liking for mysticism or political deviation are responsible for some heinous crimes, this method is very good for the country.

Very special publicity has been given to all this matter of military criminal courts and the reform of the codes. But the critics in this country have not given themselves to studying and reviewing the legislation of the past 30 or 40 years and the impression that they wish to give is that this government has invented all such procedures so that they may charge that we have a dictatorship and repression here. The individual who moves about in Colombia knows that we live in a democratic country where each person, in the exercise of his rights, can act according to his pleasure and that there is no way to limit such freedom except when the law provides for it.

We are told that we are abusing Article 28 of the Constitution because individuals who are suspects are held for up to 10 days for disturbing the public peace. On this matter we consulted the Council of State. The latter notified us that we did not need to do so, that we could act by virtue of Article 121. However, this government, wishing to uphold the legal order, preferred to consult the Council of State and to seek the advice of that highest court. We are acting within the scope of that constitutional provision, in keeping with those legal rules which are not invented but provided for.

We have a calm and clear moral conscience that we are acting in accordance with Colombia's Constitution and its laws without violating the right of individuals who live in this country.

[Question] Owing to the major military involvement and to measures such as the security statutes, is there any chance that we shall lapse into a military regime?

[Answer] Such a possibility has always existed. This has been so whenever a state of siege was proclaimed. If we review the slandered security statute article by article, I assure you that it already has been applied in Colombia and more drastically and rigidly at that under other governments than this one. But the subversive opposition knows how to do its thing. It does not try to analyze the security code because I don't believe

that an assassination, that a kidnapping can be punished with 6 or 8 months in jail. These are extremely serious crimes. It is my opinion that these are big words which escape the original intention of the Code of Criminal Procedures.

Accordingly, what is involved are some groups which through political deviation manage to perpetrate a series of grave common crimes and the government cannot remain indifferent.

Now then, if what is desired is that they should be able to do so with impunity, let the critics propose it. But the fact is that Dr Alfredo Vazquez Carrizosa will not propose impunity for assassinations that follow kidnappings. I do not know whether this means defending human rights. If what they want is impunity for such acts, let them propose it to us so that we may then study it. And if what they want is amnesty for such people, let Dr Vazquez Carrizosa and all his latest friends propose it. Because what I see here is a hodgepodge, a mixture of forms, standards, and philosophies so that in the last analysis I don't know who is who and where the legal idiots are. What the country seeks is clarity.

If the government is acting improperly, let these critics mention their proposals. I repeat, if what they seek is impunity then let them say so and we shall see whether the people support impunity or whether they are for appropriate sanctions which have become traditional in all civilized nations.

[Answer--Fabio Lozano Simonelli] It is a shame that the Colombian Government is not in a position to provide a coherent response to this extremely weighty question about which, consequently, we commonplace Colombians have to make somewhat adventurous conjectures because we are possible victims. For some time now there has been moral disorder in this country which has increased in the last few years.

More wealth is at stake, the effectiveness of the law is less every day, and moral incentives are rapidly becoming slack. As a sequel to this situation on some occasions, and on others as an adventurous way to challenge it, there are movements like M-19 whose "ideological" basis is the same as the one which in Colombia has systematically defended various forms of exercising violence--to defend religion, to defend the institutions, or to defend this or the other party. Now they say that they resort to the class struggle. One cannot see how, since each of these episodes provides an opportunity for the growth of the reactionary counteroffensive while the characteristics of the state of siege are becoming sharper. Experts in the sterility of violence, in the stupid civil wars of the past century, in the 9th of April [1948] period, and in the liberal-conservative conflict of this century noted that some of us have not resisted the temptation to use it. The terrorist movements of these times can also have included a desire for copying foreign phenomena. We rank and file Colombians reject all this and criticize the fact that the state is unable to face the drama.

[Answer--Marcelo Torres] Revolutionary terrorism is a protest against a state of ignominious, indignant subjugation and exploitation of the large majorities by the plutocratic minority of the government. That is our country's case under the existing government, on the edge of economic collapse, where the majority lives gagged, violently repressed and deprived of its rights. But said protest is ineffective, doomed to failure to the extent that it believes that a handful of resolute, valorous, well-organized individuals can through a few actions, topple the power of the government, which is simply absurd. Valor and partisan organization are indispensable but they are insufficient. It is the mass of workers and peasants, the people who epitomize such valor. If the masses become mobilized and have good political leadership, the power of the reactionaries and exploiters can be routed no matter how strong they are.

NOIR does not approve of kidnappings or attacks nor of those *caudillesco* actions outside the masses. Simply we believe that it will not be possible to defeat the enemies of the people in this way. The role of a revolutionary party is to direct the struggle of millions and millions of men in all fronts. What they cannot or must not do is to replace that struggle with attacks, no matter how spectacular, that would not be directly developed by the popular masses. To strive in another way is to willingly knock one's head against the wall.

[Answer--Alvaro Bernal Segura] Undoubtedly, in a state such as the one in which we suffer, controlled by a small partisan minority and subjected to the mandates of United States imperialism where, through repressive means such as the state of siege and torture, the right of organization, of mobilization, and protest is checked, where all types of democratic liberties are restricted--under these circumstances, in the history of the entire world, movements or demonstrations such as that of these armed groups arise.

We, nevertheless, believe that democratic life, the electoral oath is still possible in the country's existing circumstances. And while the popular masses do not have a high political awareness of being exploited, shunted aside, and while they are subjected to antinational oppressions, the conditions for the maintenance or survival of an armed organization will not prevail.

My party, the National Popular Alliance, and especially I in the national congress, have condemned the manifestations of individual terrorism and anarchy because these make it possible for the repressive government to have more arms and more arguments to fight the trade union, revolutionary, and democratic organizations of the country.



Hugo Escobar Sierra



Marcelo Torres



Fabio Lozano Simonelli

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CSO: 3010

HAVANA CITY WORKERS' EDUCATION PLENUM HELD

Havana Domestic Service in Spanish 1806 GMT 17 Jul 79 FL

[Text] Asela de Los Santos, minister of education and member of the PCC Central Committee, has made the closing remarks at the Havana City Provincial review plenum on work in the battle for a sixth-grade education, which was held at the Central Organization of Cuban Workers (CTC). The plenum was also presided over by Rosario Fernandez, alternate member of the PCC Central Committee. The meeting opened with the reading of the report which stated that more than 95,630 workers in Havana City have achieved a sixth-grade education since this historic battle was launched. In reading the main report Dulce Maria Argueso, member of the CTC Executive Secretariat in Havana City Province stated that between 1976 and July 1979 more than 31,079 have graduated from the sixth grade. She pointed out that the worker movement in Havana City plans to have 24,998 workers graduate from the sixth grade in the next quarter.

In closing the plenum on the battle for a sixth-grade education, Education Minister Asela de Los Santos described the education situation existing before the revolution. Asela stated that a census showed that there were thousands of complete illiterates and others with low levels of education, and that the first steps of the revolution were directed at destroying the origin of illiteracy itself. This was the start of the beautiful literacy campaign. In another part of her remarks Asela pointed out that conditions have been created to wage the battle for a ninth-grade education by taking advantage of the experiences gained from the battle for a sixth-grade education. She recalled a statement by Che [Guevara] who referred to the importance of this grade level by stating that the sixth grade was the illiteracy level in the age of the scientific and technical revolution.

CSO: 3010

VECINO ALEGRET ANNOUNCES NEW SELF-STUDY PROGRAM

Havana Domestic Service in Spanish 1934 GMT 18 Jul 79 FL

[Text] Fernando Vecino Alegret, minister of higher education, has announced a new type of self-study course in free education at the Annual Seminar for Education Managers in the trade union movement throughout the country which is being held at the Central Organization of Cuban Workers (CTC) Larazo Pena National Cadre School. Vecino Alegret stated that these courses are in response to statements made by Fidel at the 14th CTC Congress on the need to look for formulas which allow the massive continuation of higher studies by our workers. These courses provide the possibility for all citizens in general who want to improve themselves. The revolution will be free from having to guarantee that there will be work positions in accordance with their professional qualification to all those who graduate.

The basic characteristic of this new type of course is to raise the educational level of our population. The needed requirements to enroll in self-study or guided [as heard] courses will be those provided as constitutional rights for every citizen and to have graduated with an upper middle level education at the time of applying for this new course.

Self-study is the basis of these courses. A student should learn by himself without the intervention of teachers, which means that there will be no taught classes and therefore the workers cannot benefit from a cut in their work day.

The group of courses which should be studied in a particular speciality and its analytical programs are equivalent to the study plans for the regular courses and therefore the title at graduation will be equivalent. The courses must be taken by at least four people and only eight courses per specialty can be taken.

The specialties to be taught will be: law and accounting at the Central University, the Las Villas, Havana, Camaguey and Oriente Universities, and history at the last two universities. There is no time limit for a student to complete a course, rather he can take the number of years he

needs. The student has the right to present himself for the enrolled course examination at any of the three testing periods to be held and may use the three periods for the same course if this be necessary.

The requirements to enroll will be: current identification card--birth certificate in case one is a member of the Revolutionary Armed Forces Ministry (MINFAR) or the Interior Ministry (MINIT)--or an identification document, passport, alien identification card or documents issued by their embassy in case of being a foreigner residing in our country. In addition, the original or photostatic copy of the certificate or diploma of the studies completed at the upper middle level and two identification size photographs.

CSO: 3010

BRIEFS

MEETING ON NONALINED MOVEMENT--An interesting conference on the history, development and achievement of the nonalined countries movement was presented to members of the Antonio Maceo Brigade, who are part of the second contingent named Carlos Muniz Varela. Fernando Vazquez, director of the nonalined countries movement directorate of the Foreign Ministry [position as heard], extensively spoke on this topic and other aspects of our country's foreign policy. The speaker answered questions asked by the brigade members who were very interested in the questions dealt with at the conference. [Text] [Havana Domestic Television Service in Spanish 0000 GMT 20 Jul 79 FL]

CAMAGUEY PARTY STUDIES RESOLUTION--The important directives of the last PCC Politburo resolution were deeply studied at the 13th plenum of the PCC Municipal Committee in Camaguey. The party plenum agreed to the need to discuss the Politburo document at all centers and local level organizations of the Union of Youth Communists and in mass organizations, and to study the weaknesses and deficiencies existing in that area. [Text] [Havana Domestic Television Service in Spanish 1700 GMT 19 Jul 79 FL]

ALEGRET CLOSING GRADUATION CEREMONY--Fernando Vecino Alegret, member of the PCC Central Committee and minister of higher education, has made the closing remarks at the Matanzas University Center graduation which was held at the (Santo) theatre in Matanzas City. In addressing the 523 graduates Vecino Alegret pointed out the advances made by students in Matanzas in the 1978-79 school year and he called on them to be continually more demanding in the work they now begin. The ceremony was attended by Reynaldo Castro Yedra and Julian Rizo Alvarez, both members of the PCC Central Committee, and the most outstanding student of the center who received her diploma for her degree in economics. And the 13 best students from that Matanzas Province higher education center were also awarded. (Benita Garcia Gutierrez), the most outstanding student of the term, read the graduates' pledge. [Text] [Havana Domestic Service in Spanish 1803 GMT 19 Jul 79 FL]

ECONOMIC MANAGEMENT MEETING CLOSES--The second review meeting on the implementation of the economic management and planning system has ended with the attendance of Oscar Fernandez Mell, member of the PCC Central Committee and president of the People's Government Provincial Assembly in Havana City Province. The closing remarks were made by Raul Rodriguez, second secretary

of the PCC in Havana City Province, who called for expanding on the objectives which lead to a greater of successes in economic management and planning in the next few months. Rodriguez referred to the existing objective difficulties which work against optimum coordination and application of the tasks of implementing the economic management and planning system. He also called for greater economic awareness in facing difficulties to achieve positive results in this responsibility in the economic area. [Text]
[Havana Domestic Service in Spanish 2212 GMT 19 Jul 79 FL]

CSO: 3010

'PRAVDA': EL SALVADOR CP OFFICIAL ON REVOLUTIONS IN CENTRAL AMERICA

Moscow TASS International Service in Russian 0740 GMT 17 Jul 79 LD

[TASS headline: "Faith in Victory"]

[Text] Moscow, 17 Jul--We believe that a victorious revolution is possible in our country and in all Central America, despite U.S. counteractions, Jorge Shafik Handal, secretary general of the Communist Party of El Salvador, writes in PRAVDA today. From the end of the 1960's, our country entered a period of acute crisis which has enveloped all its social and economic life, the author continues. The chief feature of the situation which has arisen since 1969 is that revolution has become a real possibility. The revolution which is imminent in our country, the seventh congress of the Communist Party of El Salvador concluded, is of a democratic and anti-imperialist nature.

One obstacle on the path of the popular movement lies in the differences existing between the revolutionary leftwing forces. The Seventh Communist Party Congress, having approved a policy aimed at achieving the unity of leftwing forces, for which the party has been struggling now for many years, noted the successes achieved on that path. The bourgeoisie, imperialism and landowners became united by mid-1978 around the idea of turning the military dictatorship, which has existed in the country for 47 years now, into an openly fascist regime in order to suppress the democratic popular movement and stifle the shoots of revolution.

Despite an unprecedented increase in repressions, the article says, the "Fascist Project" is coming up against serious obstacles today. The first and most important of these is the heroic and stubborn resistance by the people and the broad movement of international solidarity which they have aroused.

On the other side of the coin, the support given to the fascists by the bourgeoisie has ceased to be unanimous. Under the present conditions when the fascists have led the country into a blind alley, for a certain proportion of the bourgeoisie it is preferable to concede to certain measures to "liberalize" the regime.

Carlos Humberto Romero, the president of the republic, who held the post of defense minister in the previous government, made the mass killing and "complete disappearance" of political prisoners part of the daily routine. Now he is forced to maneuver a lot in his attempt to remain in power.

Jorge Shafik Handal writes that the seventh congress of our party examined the situation in El Salvador in close connection with the general situation that has developed in Central America. This is the area with the biggest revolutionary events in Latin America at present. The revolution in Nicaragua merely has to remove the last supports of the reactionaries, and in Guatemala the powerful explosions of protest by workers and the masses are becoming more and more frequent. A settlement of the Nicaraguan crisis will undoubtedly influence the situation in the other Central American countries, particularly in El Salvador, Guatemala and Honduras.

Washington is particularly concerned over the events in this area to which it attributes great significance, especially since the socialist victory in Cuba. Alarmed at the Sandinists' latest offensives, the United States began to show open support for Dictator Somoza, thereby encouraging the fascist murderers in El Salvador. "The revolution can develop in various ways, and we will exert every effort to consolidate the unity of revolutionary and democratic forces in order to bring victory for the revolution in our country and in the other Central American states closer," the article concludes.

CSO: 1800

MEXICO

POLICE ALERT FOR POSSIBLE SHAH ASSASIN, 'CARLOS'

Mexico City EXCELSIOR in Spanish 25 Jun 79 p 22-A

[Article by Rafael Medina Cruz and Victor Payan: "Interpol Warns Mexican Police of Possible Presence of Terrorist Carlos"]

[Text] National police authorities were alerted yesterday by Interpol about the possibility that Ilich Ramirez Sanchez, alias "El Chacal" (The Jackal) or "Carlos" may have come to our national territory to assassinate the former shah of Iran who is in Cuernavaca, Morelos.

The Interpol communication warned of the highly dangerous nature of Venezuelan Ramirez Sanchez, who has assassinated at least 25 agents of international police bodies who have tried to capture him.

Carlos, 29 years of age, 1.85 meters in height and very heavy, has abundant curly brown hair, a round face, sparse eyebrows, a large, straight mouth, eyes of average size, oval chin and regular forehead, and speaks Spanish, Arabic and Russian perfectly.

The last time he was seen he was carrying a Venezuelan passport issued on 3 February 1971 by the embassy of his country in Amsterdam. The passport carries the number 498056.

"The Jackal" is a member of the French Movement of the Revolutionary Left and, according to the report sent to the Mexican authorities, is an expert in the manufacturing of explosive artifacts and skillful in the handling of all types of weapons.

Among the terrorist actions in which he has been involved was the kidnaping of the OPEC ministers, including Sheik Yamani of Saudi Arabia, in Vienna in 1977.

The report sent to the Mexican authorities by Interpol requests his preventive arrest solely for the purposes of extradition.

He was also linked with the kidnaping and murder of the Christian Democratic prime minister of Italy, Aldo Moro, in October of 1978.

Earlier, in September of 1972, he was directly involved in the death of the 11 Israelis participating in the Olympic games in Germany.

In Paris, he opened fire on two national police inspectors and the police commissioner when threatened with arrest, killing all three. In another confrontation with two counterintelligence agents, he killed them as well.

His terrorist actions have forced a number of countries to spend millions of dollars on security measures, as was the case with the Olympic games held in Canada and the world football championships in Argentina. He was unable to act there because of the strict security measures adopted.

"We Will Catch Him if We Can Find Him"

In the view of Gen Raul Mendiola Cerecero, head of the Federal Judicial Police, the possibility that Ilich Ramirez Sanchez is now on our national territory is no cause for fear on the part of the authorities.

"We are not afraid of this man. We know that he exists and we know how dangerous he is, but I repeat, if we can find him in our country we will arrest him to turn him over to the international police authorities who want him."

However Mendiola explained that the communication received was solely a warning in the event that he attempts to enter Mexico, but he made it clear that at no time has it been stated that he already is here.

Two photographs of the terrorist as well as copies of his fingerprints were sent along with the warning.

Strict security has been established in Mexico City and in the event that Carlos attempts to arrive in the city by air he would immediately be identified.

5157

CSO: 3010

MEXICO

NO MORE DISTRIBUTION OF USELESS LAND PLEDGED

Mexico City EXCELSIOR in Spanish 22 Jun 79 pp 1-A, 8-A

[Interview with Secretary of Agrarian Reform Antonio Toledo Corro; date and place not given]

[Text] It is the historic responsibility of President Jose Lopez Portillo to consolidate agrarian reform on the basis of the heritage passed on to him not only by the preceding government but all the revolutionary regimes. Therefore his mission is an extremely difficult one, in view of the fact that with "limited resources," it was his lot to assume leadership of a country in which there was a crisis of confidence, a crisis of resources, "with some doubting others, but with no doubt among ourselves, we believe, and despite this, the rural sector is now beginning to produce more."

In the view of Secretary of Agrarian Reform Antonio Toledo Corro, President Lopez Portillo is an agrarianist who speaks the truth ("we are not trying to deceive anyone") and with this new determination, he regards him as as much an agrarianist as Presidents Echeverria or Cardenas could be.

"Peace in this country lies in the rural sector," he said. "This is Mexico's peace, the peace of the countryside. Therefore it must be safeguarded, directed, and confusion must not be allowed to occur there," he said. And he stressed that "for this reason, the truth is the philosophy of the present government in agrarian matters, a truth which leads the state to refuse to allocate land when it is lacking, and to offer labor alternatives."

In a long interview granted to EXCELSIOR, this politician from Sinaloa agreed to discuss all subjects from those having to do with his agrarian work to current political themes. A native of the North, Toledo Corro is a man who goes to the heart of the matter directly, without confused thinking and without directing his words solely to the knowledgeable.

As he views it, agrarian reform will conclude with the "distribution of what can be distributed, i.e. the land suited to cultivation, but the function of the secretariat will have to continue" for many decades, with the organization of the peasants and the seeking of solutions to the conflicts

which will develop between communities and small owners, since, as he says, ownership of the land is a continuing process in a country where it was the peasants who undertook the revolution. Anticipating our question, Toledo Corro said that this program "will always continue as long as the land exists and as long as there are men in the rural sector."

[Question] How many hectares have the governments of the revolution distributed?

[Answer] I would not like to speak of this, for we would enter into contradiction. I can tell you about what we have distributed between 9 June and the present.

[Question] Does this mean that the agrarian statistics are unreliable?

[Answer] I would not say they are unreliable. But the lack of efficient equipment to give us accurate figures on what has been distributed has unwittingly caused confusion.

[Question] Why?

[Answer] Because each government makes its contribution to the distribution, adding this to the preceding figures, and often common public lands are created where they existed before. Thus by confusion or error, there is double distribution of the areas, and for this reason I do not believe we should look into files which have already been closed.

[Question] Has the revolution distributed more land than the country has?

Toledo Corro smiled and answered by stating that the total of land suitable for cultivation which the revolution will certainly have distributed by the end of the agrarian reform might come to 30 million hectares, for crops, about 100 million hectares for livestock breeding, and probably 30 to 40 million for forestry. "The balance is made up of arid or mountain zones not suitable for use for crop or livestock production."

[Question] In some cases, Mr Secretary, a number of peasants have been given the worst land, land not usable for any purpose.

[Answer] This is the reason I have said that the president speaks the truth. It is not possible to distribute land such as to condemn the peasantry to dying of hunger. There is much land in the country which can still be distributed--in the two Californias, in Campeche, in the south of Yucatan. The president's idea is for us to distribute and allocate land on which peasants can settle permanently and have a home in which to maintain their families.

[Question] When land is allocated, is this not permanent?

[Answer] Well, sometimes, as it happened in Baja California, land where there is supposedly water is allocated, and then after some time the water is used up and the peasant has no land. Therefore we are preparing to send families to the tropics, to Campeche, to Quintana Roo, to Chiapas. We cannot move families to find shortly that they are starving to death and must be moved elsewhere. We have chosen, on the basis of the policy of the truth ordered by the president, to voice a reasonable "it is not possible" which the peasants understand. The peasant knows when he is being told the truth, and we are acting on this basis because we are all adults now and we must deal with the cards visible.

[Question] You are reported to own vast lands guaranteed by certificate against encumbrance. I would ask you what you think about these provisions.

Toledo Corro answered without hesitation.

[Answer] When these provisions are legal, we ensure respect of them because they represent one form of land ownership and as such are protected by the constitution. But very often we find that land allocations made for a 20-year period by Gen Lazaro Cardenas are being split up, divided and sold, and in these cases we take action, whoever may be involved.

[Question] What about the purchaser?

[Answer] For those who say they purchased in good faith, it is like the case of a buyer of a stolen horse. It may take the owner 10 years to find it, but on the day he does, he will say "This is my horse, give it back." So it is with the federal government. We are reviewing all the concessions and we are finding that many have been violated, and there is nothing to do but implement the law and cancel them.

[Question] What about the legal cases?

[Answer] These we respect. If we were to reject the action of a government issuing a certificate within the law, we would be violating the juridical order of the republic, and if we did that, in whom or what could one believe? But when we demonstrate that a gentleman given a concession for 25 years has fraudulently sold 300, 500 or 1,000 hectares, we take action against him within the provisions of the law.

[Question] We understood it was Cardenas' idea to grant the concessions. Was this not revolutionary?

[Answer] No one can deny that Gen Lazaro Cardenas was a revolutionary and an agrarian. What happened was that at that time he felt that the country needed to produce, and he allowed estate owners with a grant certificate for a 25-year period to engage in the production of food crops and livestock. But it was implicit when the certificates were issued that when the period of the grant had elapsed, or earlier if so desired by the crop raiser or livestock breeder or the government itself, the land would be reclaimed to meet the needs of the peasants.

[Question] How many grants protected against encumbrance are still in effect?

[Answer] Some 700 plus.

[Question] What area do they cover?

[Answer] Between two and three million hectares.

[Question] And what purpose is served, Mr Secretary, to allocate and distribute land if it is then abandoned and left idle as happened with El Gargaleote belonging to Gonzalo N. Santos, and the lands of Robles Martinez?

[Answer] This is not correct. It is not true that these allocations failed. To begin with, these gentlemen were not livestock breeders but cattle raisers who purchased cattle for fattening, which they did for third parties. The breeding herd owned by Gonzalo N. Santos totaled 325 head, and the rest were cattle of all kinds and sorts and all sizes which he bought in Chiapas, in Veracruz, in Oaxaca. We had to clear 2,000 hectares with heavy machinery, and within a week you will see what that is. One cannot ask for results in just a few months. What we need is livestock breeders, not people who fatten cattle. You see, in order to have some idea of the magnitude of the problems confronting us, the country had 28 million head of cattle in 1950, and only 23 million citizens. In other words we had 1.3 head of cattle per inhabitant. Today, with an additional million inhabitants every 180 days, and a population of 68 million, we have 30 million head of cattle in round numbers, in other words we are at about the level of a half a head of cattle per inhabitant, and if in 10 years we do not have 60 million head of cattle, we will have to import meat, as we were just about to have to do three or four months ago. At the end of this century we will have 100 million inhabitants. We will have to have 100 million head of cattle, and we will have to slaughter animals at 350 or 400 kilograms rather than 270.

[Question] How is it possible to plan to produce meat if the livestock ranches are split up?

[Answer] Livestock breeding must become intensive beginning now. How will we do this? Well, by planting pastureland and developing an ensilage process with its own schedule. In other words, whether it rains or whether it is the dry season there will be fodder and the cattle will not die of hunger.

On the subject of the expropriations of the land of Gonzalo N. Santos and Robles Martinez, Toledo Corro said that evil rumors about the failure of El Gargaleote and the other properties began within two months of the expropriation measure. It is said that in raising crops no result can be seen in 60 days even in a flowerpot. It takes nine months, in a farm cycle, to begin to see results, and in livestock production, five years. However, in a fattening operation, the animal is ready for sale in 150 days, only when there are no calves to fatten, the farmland lies idle.

[Question] Will it be the private livestock breeders who will resolve the meat problem for the Mexican citizen?

[Answer] To the extent of 70 percent perhaps, with livestock on the common public lands, which we are increasing, accounting for 25 or 30 percent. The reason for this is the lack of financing credit preventing the public land zones from speeding up what they could do, for if they had no limits on fodder production, they do indeed when it comes to economic resources. But even so, livestock breeding on common public land plays a very important role in the production of proteins and milk.

Our interview, being held in a small room adjacent to the office of the agrarian reform secretary, was interrupted discreetly by an assistant with a written note. Toledo Corro expressed surprise that Secretary of Finance and Public Credit David Ibarra Munoz had arrived unexpectedly from Toledo. When we resumed our conversation, that gentleman gave us the inspiration for a question as to whether the state has or will have the capacity to resolve the credit problem if the private banks cease to give it aid.

The secretary's answer left no room for doubt: "No, it does not." And he immediately went on to explain: "We will have that capacity when the oil surpluses give us a chance to provide resources to the rural sector not in the annually increasing percentages but in massive fashion, for this is the priority sector."

Toledo Corro noted that the president has indicated there are two priorities, energy and food, in this country. In the energy sector, progress is being made, large installations are being completed which will ensure an increase in resources and flow. But when it comes to foodstuffs, Toledo Corro, who is persuaded of the urgency of the matter, said: "We must forge ahead until we are self-sufficient in food. And to do this we need credit."

Toledo Corro is a passionate man who discusses his concerns with vehemence. We asked him if hunger exists in Mexico.

[Answer] Yes, there are depressed zones, but I do not believe there is starvation. Without a doubt there are some zones which are in a more precarious situation than others. But to speak of starvation would be to say that people are dying of weakness. What we need to do is to mobilize the people, to educate them, so that those who do not have work will find it, to provide opportunities elsewhere, so that they can be employed as many days as possible.

[Question] What were the guiding principles the president set forth to you, Mr Secretary, when he appointed you?

[Answer] First, to establish order in the rural sector, to see to the peasants, to find solutions for them, not to deceive them. He said that if there is land it should be given to them, and if not, this must be stated. Secondly, we were to prevent the development of agitation in the rural sector,

to provide solutions within the law, to go where the problems are, to prevent the peasants from wasting their resources by coming from the farthest corner of the republic to the capital city to create problems, and that is why we are decentralizing the functions of the secretariat. Thirdly, we were to complete agrarian reform during the president's term, to conclude it, and to undertake all the studies necessary to keep the promise he had made in the Chamber of Deputies. And we are facing the challenge of keeping that promise and we will do so.

[Question] Mr Secretary, given our peculiar political system, where does the responsibility end and where does the responsibility of the secretaries of state begin?

Toledo Corro thought about his answer.

[Answer] The responsibility of the president ends when he promulgates the measures which must be adopted, and that is where the responsibility of the secretaries of state begins. Therefore, the president, if a secretary fails to do his part, has the authority to remove him with the same pen used to appoint him, and to replace him with another, for he bears the final responsibility. It is the president who was placed in the highest office in the land by the citizens of Mexico. And he delegates authority to each of the departments, but so that they can carry out their tasks. And if they do not, they are duly thanked and replaced with others who will. Thus we should not be surprised if the president removes one, two, three or all of the members of the cabinet, even if it is carrying out its tasks. In the best of cases, there may be another who will do a better job than the incumbent. Thus his responsibility is to promulgate the measures, and the responsibility of those under his jurisdiction is to implement them properly and rapidly.

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CSO: 3010

HIGH POTENTIAL OF 'LOS AZUFRES' GEOTHERMAL ZONE

Mexico City EXCELSIOR in Spanish 7 Jun 79 p 4-A

[Text] Federal Electricity Commission technicians gave assurance yesterday that the new geothermal zone in Los Azufres, Michoacan, has a generating potential of some 400,000 kilowatts, through the use of subsoil steam.

Jose Andres de Oteyza, secretary of patrimony and industrial development, visited the installations at Los Azufres yesterday. He was accompanied by the director general of the Federal Electricity Commission, Hugo Cervantes del Rio, the governor of Michoacan, Carlos Torres Manzo, and the secretary general of the SUTERM [National Electrical Workers Union], Leonardo Rodriguez Alcaine.

Eight wells have been drilled to date, of which numbers "Two" and "A-Six" have yielded good results, producing sufficient steam to generate some 20,000 kilowatts.

Cervantes del Rio said that a new geothermal electric plant will be built here similar to that in Cerro Prieto, Baja California, where there are already four units generating 150,000 kilowatts. The potential of the zone is one million.

He also noted that the national electrical sector is making the greatest effort to carry out the instructions of President Lopez Portillo to the effect that the sources of primary energy used for the generating of electricity should be diversified. Other zones where the geothermal potential is being explored are located in the states of Nayarit, Sinaloa, Sonora, Puebla and Jalisco, as well as some other sites in the state of Michoacan itself.

5157

CSO: 3010

MEXICO

MORE CRUDE PRODUCTION IN 1980, LARGER SALES TO U.S.

Mexico City EL SOL DE MEXICO in Spanish 7 Jun 79 p 1-B

[Text] Caracas, 6 June (AP)--Mexico will increase its oil exports to the United States next year, according to statements reportedly made by members of a Mexican Petroleum (PEMEX) mission visiting Venezuela.

According to VENPRES, the state news agency, the members of the Mexican mission stated that their country will increase its oil production to 2.2 million barrels per day next year and will increase its exports to the United States.

Currently, Mexico is producing 1,570,000 barrels per day, of which it is exporting 500,000, most of it to North America and various Latin American nations.

VENPRES reported that the members of the Mexican mission said that 50 percent of the oil production in 1980, i.e. 1.1 million barrels per day, will be for export, and that the United States will continue to be the largest market for the Mexican oil industry.

The oil production planned for Mexico next year is the same as the Venezuelan government established in the past as an annual average. Currently Venezuela is producing 2,345,000 barrels per day, of which it exports 2,000,000.

The members of the Mexican mission are the general coordinator for PEMEX, Rodolfo Dominguez, the director general of the Mexican Petroleum Institute, Agustin Straffon, and the assistant director for industrial planning of the Mexican Petroleum Institute, Arturo Castillo.

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CSO: 3010

COLUMNIST DISCUSSES NUCLEAR SAFETY PROS, CONS

Mexico City EL DIA in Spanish 7 Jun 79 p 5

[Article by Magdalena Galindo: "About Nuclear Energy"]

[Text] On 29 May the container for reactor number one was installed at the Laguna Verde nuclear plant. This fact is of great importance from various points of view. Energy has become the axis and also the strategic sector of modern industrial production. In this connection, the generating of 1,308,000 kilowatts could be regarded as a necessary, i.e. inevitable, step toward the economic growth of the country. However, there are various considerations which raise a doubt about the efficiency of the nuclear line as an energy strategy.

The first problem is that of world uranium reserves which, physicists assure us, will within a few years be insufficient to meet world demand. This means that it will be the developed countries which will appropriate the reserves, not only because they have a greater negotiation capacity in general, but because in the nuclear energy field, only the United States, France, England, China and the USSR can produce enriched uranium. The pressure used by the United States recently in connection with the embargo on enriched uranium from Mexico is an example of the type of action which can be pursued when one has a monopoly. And although France has signed agreements with Mexico to supply advisers, the range of choices is extremely limited.

The second and much more important problem is the risk the use of nuclear energy entails. The Harrisburg accident demonstrated that unthinking confidence in the efficiency of the technology under any circumstances can lead to catastrophes which would cost millions of lives. It is time for the infallibility of the technology to be challenged. The experts responsible for the Harrisburg plant had no explanation other than to state that this was a "combination of errors and small failures." To date there is no technology which can function without human intervention, which is the same as saying that error cannot be avoided. In the Harrisburg case, not only were prior errors which led to the accident committed, but once the events had begun to occur, all of the safety mechanisms failed and again a human error shut down the emergency cooling system too soon, leading to the forming of the

bubble which in turn made it impossible to cool the reactor. The operation then dragged on for a month.

The accident showed something which was predictable: the fallibility of human constructions. For this reason, it provoked the development of awareness in the citizenry of various nations which have nuclear plants. There were demonstrations in the United States, Japan, etc, and just a few days ago in Spain. Given this picture, engineer Guillermo Robles Garibay, executive coordinator of the nuclear power plant in Laguna Verde, errs a bit on the optimistic side when he states that the problem of radioactive waste presents no serious problems to Mexico because "there are many other plants which have functioned for years with acute problems with regard to atomic waste, and they will have to resolve them definitively before we do." And in particular, when he explains his confidence that this revolution will come before there is a problem for Mexico, because there is an eight-year reserve capacity which, added to the four years before the fuel begins to be burned, provides a margin of 12 years. In other words, engineer Robles Garibay is presuming that within a 12-year period, the problem of radioactive waste will be resolved. The fact is that nuclear energy dates back more than 12 years and yet the problem of waste has not been resolved.

One of the major difficulties in connection with energy sources is that the plants to produce them, in addition to the tremendous sum of capital required, take a long time to build. This is due both to their complexity and the monopoly on technology held by some developed countries, with the result that international demand cannot be met. This means that, once a line has been chosen with regard to energy sources, the result is a very inflexible position, because it is necessary to wait another decade to obtain results providing a criterion for change. This fact takes on particular importance when we recall that there are other alternatives for energy production, such as geothermal or solar sources, which do not entail the two most serious difficulties nuclear energy does--the danger to human life and limited supply.

An additional but important consideration is that the funds obtained from oil could not be used to finance nuclear energy, because an examination of the two energy sources shows that oil produces the same amount of energy at a much lower cost. In other words, it is more economical to use oil as an energy source in the country than to sell it to foreign customers to finance nuclear energy.

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CSO: 3010

URUGUAY

BRIEFS

URUGUAY'S SALTO GRANDE SHARE--In view of the energy deficit being experienced by Uruguay, Argentina has agreed to increase from 22,000 kilowatts (16.66 percent) as provided for by agreement to 60,000 kilowatts Uruguay's share of the energy generated by the first turbine of the jointly owned Salto Grande hydroelectric plant. [Buenos Aires LA RAZON in Spanish 14 Jul 79 p 4 PY]

CSO: 3010

CONTINUED CRITICISM OF OIL INDUSTRY DISCUSSED

Caracas RESUMEN in Spanish 24 Jun 79 pp 25, 26, 28

[Article by Erwin Arrieta Valera]

[Text] King Canute, the ancient and almost legendary leader out of England's medieval history, once challenged the tide when, placing his royal throne at the edge of the sea, he ordered it to remain still and not to reach him. Of course, it did not take much time for King Canute to abandon his chair covered by water and to flee, completely soaked, dripping wet, because the tide did not understand royal orders.

Back home in our country, with the dual purpose of fulfilling our duty to vote in the municipal elections and seeking some rest at home, after arduous but fruitful journeys abroad, here where, with pride and satisfaction--thank God--we were able to find a place for our profession and vocation, in the oil industry, we find ourselves involved in a public controversy over the repeated criticism of the step which began with the mistaken intention of nationalizing the oil industry as of 1 January 1976.

A document presented before the 10th Engineering Congress, sponsored by the Venezuelan College of Engineers and held last May in Ciudad Guayana, has provoked the reaction of the National Executive Board of the so-called Association of Petroleum Orientation (AGROPET) whose response, which deserves our respect and consideration, should be carefully studied and analyzed, especially if one observes that the position to which they are responding is held by not only one of the professional colleges of the greatest academic prestige in Venezuela, but constitutes one more wave in the immense tide of criticism made by other important organizations, institutions and personalities throughout the nation. In effect, we wanted to recall that in addition to the public position taken by the Venezuelan College of Engineers, already several notable and famous Venezuelans of the stature of Juan Pablo Perez Alfonso, Eduardo Acosta Hermoso, Hugo Perez La Salvia, Anibal Martinez, Domingo Maza Zabala, and Francisco Mieres, along with many other men of great and recognized moral character, repeatedly have raised serious questions about the steps taken to date in the states affected by the organic and operative structure of the petroleum industry.

Perhaps the interminable series of events sponsored by the most qualified professional institutions is not sufficient, as well as those sponsored by various organizations of the country, which have produced both documents, among which one can list the following: The First Days of Evaluation of the Petroleum Nationalization, held in Barquisimeto in 1977; the Fifth Petroleum Days, sponsored by the various professional societies of the Venezuelan College of Engineers, held in Caracas in 1978; the First Congress on Energy, which approved the Basic Document which was submitted to it by the Venezuelan Society of Petroleum Engineers, held at the end of September 1978; sponsored by the National Universities, the Central Bank, CONIC [The National Council for Scientific and Technological Research] and IVIC [the Venezuelan Institute of Scientific Investigations], held in Maracaibo, in October 1978,; the Pro-Venezuela Document, presented to national opinion this year; the last Document submitted to the consideration of Supreme National Congress for the General Treasury of the Republic; the Fourth National Plenary of the Faction of Engineers, Architects and Professionals, affiliated with the Social Christians and Independents, held in Barquisimeto in February 1979.

Before this tide of coincidental criticism, we cannot conclude summarily that everyone, absolutely everyone is wrong. We believe sincerely that the action of the National Executive Council of AGROPET--which we acknowledge as worthy of respect although we do not agree with its form or its content--must be understood as a legitimate statement by qualified professionals, who are presenting their point of view for national consideration; consequently we must accept the public debate which they are proposing and to which they are inviting us, which is to take place at the Venezuelan College of Engineers. We must point them out instead of protecting them from any association or relationship with the beginning of a new oil race, described by the apologists, public relations men, which tries to isolate and immunize from rational criticism those who have been given the exalted and delicate task of managing the oil industry in Venezuela, then we would be doing little service to those who, having in their hands such an important activity for the life of the country and knowing themselves to be clothed with human imperfections, do not consider themselves above good and evil, and indeed feel honored to submit their performance to the open and sincere scrutiny of their fellow citizens.

We are certain of the fortunate existence of brilliant compatriots who for a long time have been in the service of the country, working within the petroleum industry. We know, because we have known them very well, that the majority of them have no time for God-like poses, since their sustained effort has kept them immersed in their duty of creating their country every day. An extraordinary mosaic made up of natives, who come from the most varied corners of Venezuela and tinged from time to time--why not--with some "musiu" ingegrated into our warmth, constitutes a good asset in consolidating the platform which will serve as a base to be able to achieve the oil

nationalization which has not yet come about. We could make a long and interminable list of deserving names of Venezuelans, workers, drillers, derrickmen, inspectors, technicians and professionals from the most varied academic disciplines and even executives, with the operator and service companies as well as the various middle management at different levels of the Energy and Mines Ministry, about whose men we can rest secure because of their proven capability, vision, vocation, dedication and honesty. But it would be asking a lot and demanding an unnecessary sacrifice to want to shelter under the prestigious mantle of this immense majority those--and there are those--who are doing no good and, on the contrary, have already been responsible for negative results, some of them irremediable, making themselves into serious and dangerous factors which hinder the success of the supreme objectives which we Venezuelans have planned, for the full success and satisfaction of which we must undertake the first and very important steps of carrying out nationalization and of building, developing and consolidating a true and independent oil industry, in accordance with a reality distinct from that established and left us by the transnational companies, formerly the concessions.

It is not a fallacy to point out that the oil industry in Venezuela is not doing well. Its future will depend on the course steered, which is being planned to take the orthodox channels of nationalization. It is facing serious and very important problems, which have sprung basically from the hybrid way with which they wanted to approach the nationalization process, which brought as a resulting consequence the fatal absence of goals and objectives and the nonexistence of integral programs which, without a solution of continuity, would sustain the dynamics of the same process. It is enough to show the lack of coordination which still exists in two activities as important as oil exploration and refining, to give goosebumps to whoever boasts of being an expert in petroleum. It would seem as if the nationalization of oil does not constitute a single patrimonial unit, whose reality has had to be sacrificed only in honor of its mere mention at any event, as a consequence of a sui generis division into four parts which has arrived at the extreme danger of splitting and dividing the Orinoco tar belt itself. Lagoven, Maraven, Meneven and now Corpoven, constitute a curious archipelago which traces and rationalizes unsuccessfully the previous reality, with the sole difference of seeming now to be wrapped in the Venezuelan flag. But what is incredible is that in them Venezuela competes against Venezuela, when in fact the money is the same for exploring, producing, transporting, refining and selling hydrocarbons, which are the property of one owner alone and not of a bunch of "VENS" contractually married to their respective "EXES."

To analyze, criticize and even denounce any aspect of oil management in Venezuela, it is not necessary to create a rash on the skin of those who must respond with clarity by the operation of one of the country's most important activities. Their assignment to direct and operate the petroleum

industry in Venezuela does not constitute the granting of a right or privilege. Quite the contrary, it is a serious responsibility which involves the heavy burden of a duty, the acceptance of which makes them worthy of our respect and gratitude, but not exempt from the broad and permanent vigilance to which we have a right and it constitutes an inescapable duty of all Venezuelans. The petroleum industry in Venezuela, being a very valuable national patrimony, does not confer to those who have accepted the responsibility and the duty of managing it any degree of infallibility and much less of the indulgence and the condoning of errors, whose effects cost the nation a great deal. Here, the only important thing worthy of admiration and gratitude must be the positive result which can be obtained from the exercise of the responsibility which is assumed.

The financial reports are necessary elements but they are not sufficient to show and assess the positive or negative points of the administration which produces them, which, moreover, in barely 3 years nobody would believe capable of generating and setting off a sort of wild pressure which could liquidate or make disappear, in such a brief period of time, the immense oil wealth, whose momentum has inertia going back more than six decades. What currently worries and torments us is that in the future such financial reports may show irremediable red figures because today we cannot, do not know how to or want to ward off their potential causes. It is necessary and urgent to perform the surgery which will remove the tumorous centers contaminating the national oil industry.

The contracts for technological aid and commercialization; the way in which nationalization was approached; the incredible and no less outrageous requirement of having to identify the refinery "end users" of important independent clients, with the excuse of proceeding to submit them to the knowledge and practically preliminary approbation or notification of the transnational companies to, it is said, determine whether or not they belong to the lists of their traditional customers, which--of course--is not difficult to imagine that from this moment would become one of the most notable lists, except that the new buyers, who could well help to open and broaden the framework of Venezuela's commercial independence, go and buy Venezuelan crude outside of the transnational, sometimes even cheaper, thanks to the cushion which authorizes them the not a few centavos of a dollar per barrel which we are paying for "technological aid;" the unacceptable and childish explanation which on one occasion was given the exorbitant escalation of costs--more than double--which occurred in the expansion project of the El Palito refinery, in claiming that it happened this way because it is customary within the dynamics and characteristics typical of the oil industry; the imposition at any event of criteria which are not shared--with very good reason--by brilliant professionals of the Ministry of Energy and Mines in relation to the projects for changing the standards for refining, planned by each VEN in agreement with the technical criteria of its respective EX; the disperison of efforts in the programs of exploration and refining; the curious division

or parcelling of the Orinoco Tar Belt; the origin of the funds to support the budget of INTEVEP which come from the operators and not from central administration; and, finally, the many other factors which they constitute, along with those previously indicated; very serious symptoms of a state of affairs which requires urgent attention and the application of intensive and immediate therapy before the damage passes the point of no return.

It is certain that many of the causes which generated or launched the actions which have been the object of heavy criticism by the broadest and most representative national sectors find their support in the focal question we have been placing repeatedly in the majority of our articles on oil and on the denaturalizing of the nationalization process. Actually, the latter, which had its own historic roots and which had to begin to be consolidated finally with the promulgation of the organic law which reserves to the state the Industry and Commerce of Hydrocarbons, passed in August 1975, was artfully denaturalized from the very moment at which they began to disregard the recommendations of the presidential commission which had been created ad hoc. Since then, we all know the unfortunate development of the events. The paraphernalia with which they tried to raise and place on Olympus new liberating gods, idols made with feet of the same clay as the technological aid and commercialization contracts, did not succeed in having the COPEI [Social Christian Party] join the group of apologist jugglers, as its National Committee demonstrated when it decided to abstain from attending the folkloric celebration of the "second independence," supposedly held on 1 January 1976, reserving thus for history the opportunity for a proper alternative which it received subsequently from the people who, upon electing it to govern them, not only rejected the previous line of conduct, but placed its confidence in the secure knowledge that its dearest desires and wishes would be properly interpreted. It is precisely for this reason that the oil picture in our country is promising. First, because today we have a government which knows where it is going. Nationalization for President Herrera Campins is not an empty word, without meaning or content. It constitutes an entire, concrete, solid, profound action, which responds to the national will to recover with dignity what really belongs to Venezuela.

Secondly, because the nation has capable men throughout the operative structure of the oil industry to guarantee its continuity. And thirdly, because we are already feeling the effects of the application of an oil policy which is concrete, vigorous, flexible, free, definite, proper, which has clear objectives and which responds to the inevitable reality that Venezuela will one day cease to be an oil-producing country and then it will have to be prepared to continue to give its inhabitants the greatest amount of happiness possible. Perhaps the tide of oil criticism is soaking some Canute who claims to be impervious to undeniable realities, but fortunately there seem to be few, very few disturbing factors and their disappearance from the national oil picture not only would not affect the normal operation of its management but would benefit the course of the history of nationalization.

The majority, this fictitious mass of Venezuelans who work in it on all levels, will continue to praise the present productive effort, receiving with dignity the gratitude of a people who know that they are hard at work, responsible for their entrusted mission and open--without fear--to scrutiny and healthy oil criticism.

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